The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Lord Barnby's Mission and the Move to Renew the Anglo-Japanese Alliance

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The China Weekly Review

ESTABLISHED 1917

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Formerly Millard's Review

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTSING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

IS JAPAN HELPING CHINA BUILD A NEW NAVY?

FOUR or five years ago the Chinese Government made an arrangement with the British Admiralty under which the British agreed to assist China in the training of naval officers and the development of the Chinese fleet. Several British naval officers arrived in China and were given positions in the Chinese Navy department and several Chinese cadets were sent to England for training. It was thought at the time that this arrangement might lead to a relationship somewhat as previously existed between the British and Japanese fleets and which helped the Japanese tremendously in the development of their naval program. But something seems to have happened to the Sino-British arrangement because nothing has been heard about it in recent years while much is being heard about China's new arrangement with Japan for the construction of warcraft. Early in 1932 the Japanese delivered to China a new 3,500 ton cruiser, the "Ning-Hai" which actually steamed into the mouth of the Yangtsze and the Whangpoo estuary while the Imperial Japanese fleet was bombarding the Woosung forts during the Sino-Japanese "undeclared" war. The Japanese gunboats and cruisers discontinued their bombardment of the 19th Route Army's positions at the mouth of the Whangpoo and gallantly saluted the "Ning-Hai" as she steamed into the harbor and anchored in the stream near the government Kiangwan dock. The strange action of the Chinese Naval authorities in refusing to assist the 19th Route Army, either with the fleet or through the loan of guns and steel plates for breastworks was the subject of bitter comment in the Chinese newspapers at the time and shortly after the war the Control Yuan at Nanking brought serious charges against high Chinese naval officials. But the agitation quickly died down.

The next that was heard on the subject of Sino-Japanese naval accord was a few weeks ago when the Chinese naval authorities sent the "Ning-Hai" commanded by a high naval officer to participate in the funeral obsequies of the late Admiral Togo. Despite the tense feeling over the Manchurian and other issues, the "Ning-Hai" not only parti-

cipated in the funeral services, but remained in Japan for a considerable period afterward, announcedly for the purpose of permitting Japanese naval officers and engineers to inspect the ship. It was shortly afterward that the Nanking Navy Department announced plans for the early construction of several new cruisers, which report led to allegations in the American press that Japan had made a deal with China for the construction of a fleet, which would be the nominal property of China, but in case of war between Japan and an Occidental Power, the Chinese fleet would be amalgamated with the Imperial Japanese Fleet. It was alleged in naval circles in Washington that the Japanese naval authorities had worked out this plan as a means of getting around the Washington and London Naval Limitation Treaties. Also, it was alleged at the same time that the Imperial Japanese Navy had entered into a similar arrangement with the puppet state of Manchukuo, on whose behalf the Japanese naval shipyards are likewise allegedly constructing several new warships.

Now, on top of these rumors comes the report, published in the *North-China Daily News* on August 24, that the Imperial Japanese Navy is sending 50 engineers and experts to China who will be attached to the Chinese Naval Ministry's Kiangnan Dock and will assist in the construction here of another cruiser, the "Ping-Hai," a sistership of the "Ning-Hai" which is being built here. The "Ping-Hai" was laid down several months ago at the Kiangnan Dock and is said to be the largest warship ever constructed in China. The plans allegedly were supplied by the Japanese naval authorities, while the plates and certain parts of the machinery were purchased in England. The boat will be 360 feet long, 39 feet beam, 3,000 tons displacement and will have a speed of 25 knots. It will cost approximately $8,000,000 and will carry three 14 cm. turret guns; 8 cm. anti-aircraft guns; four machine-guns; two twice mounting torpedo tubes, two searchlights, wireless telephone and radio compass. The report in the local British paper stated that another cruiser had been ordered in Japan, but this was denied by the Chinese naval authorities. However, a further report of even greater significance was carried by *Reuters* on August 27 to the effect that the Chinese Government had invited the Japanese Navy Department to recommend an instructor who will be attached to the newly organized Chinese Marine Academy at Foochow. The Japanese Government quickly accepted the invitation and appointed Capt. Kimpei Teraoka, who, up to the present has had charge of the Japanese naval cadet flying squadron at the Yokosuka base.

WHAT AN OBSERVING JAPANESE SAW ON A YANGTSZE BOAT

WE often have referred to the little "Information Bulletin" published in the English language by the Japanese military headquarters in Tientsin, which is interesting not only because of the information which it contains, but because of the insight which it provides into Japanese mentality and the Nipponese outlook on things in general. For example, the latest issue to reach Shanghai, that of August 23, contained a paragraph about what a Japanese traveler observed while on a trip from Shanghai to Nanking on one of the steamers of the China Merchants Steam Navigation Company. The report started out by saying that it is sometimes interesting while traveling, "to watch the other passengers." This apparently is what this particular Japanese did while on his recent trip for his report stated that the number of Chinese passengers on the boat was 155. Of this number, 30 were playing mahjong, 2 were reading magazines; 7, including one woman, were reading books on sex, 15 were reading newspapers, 1 was reading a military drill book, 3 were playing boisterous games, 18 were boasting to each other, 2 were washing clothes, 1 was eating Chinese bread, 1 was playing a hand-organ, 1 was writing a letter to a sing-song girl, and the remainder of the passenger list, 74 were smoking opium. The report, which by this time probably has found its way into Japanese official archives somewhere, concluded with the following words: "The above figures indicate a very interesting psychology of these Chinese." One also might remark, in passing, that the compilation of such a report, based upon a rather close scrutiny into the private affairs of other passengers, also indicated a very interesting psychology of these Japanese.

China's Denial of Rapprochement With Japan--- America's Welcome to General Tsai Ting-kai

DR. Sao-ke Alfred Sze, Chinese Minister to the United States, issued on August 24, a denial of the allegations contained in a recent bulletin of the American Foreign Policy Association that China had agreed to a rapprochement with Japan. The report of the Foreign Policy Association, referred to in last week's issue of *The Review*, alleged that the Japanese had helped Gen. Chiang Kai-shek in the anti-red drive in Kiangsi and in exchange for this assistance, China had agreed to the resumption of direct rail traffic with Manchukuo and to a reduction of the Chinese tariff rates on Japanese goods while at the same time greatly increasing the rates on American and European products. The *United Press* message from Washington did not give the full text of Dr. Sze's denial of a Sino-Japanese rapprochement, but explained the restoration of direct rail traffic on the ground that it was a social and economic necessity, connecting the two parts of China and had no relation to the question of China's recognition of Manchukuo. Referring to the reduction of tariff duties on Japanese products with corresponding increases on American and

European goods, the Chinese statement said that the recent tariff revisions were designed to tax luxuries and reduce the costs of necessities, irrespective of the origin of imports.

Although not connected in any way with the denial of a rapprochement with Japan, the local newspapers also carried reports the same day from New York telling of the stirring welcome accorded Gen. Tsai Ting-kai, fromer commander of the 19th Route Army and hero of the Chinese defence of Shanghai against Japanese aggression. After the collapse of the Fukien rebellion several weeks ago, Gen. Tsai went to Europe where he traveled extensively. He arrived in New York this week and according to the report he was welcomed by a crowd of several thousand persons, including officials of New York city and state and was honored with a characteristic parade and lavish entertainment usually reserved for high officials or prominent visitors from European nations visiting the United States.

Also of interest in connection with China's denial of a rapprochement with Japan were newspaper reports giving extensive publicity to an article which Minister Sze contributed to the *North American Review* in which he vigorously attacked Japanese policies in the Far East and voiced a warning that Japan desires further territory on the Asiatic mainland and is only awaiting a further opportunity to fulfill the desire. The Chinese diplomat also bitterly attacked Japan's conception of an Asiatic Monroe Doctrine and declared that Japan's policies in respect to Asia had little in common with the doctrine enunciated by President Monroe, which was based on the principle of self-defense, whereas Japan in her policy for Asia demanded the right to seize further territory. Dr. Sze also referred to the political system in Japan under which the Ministers of War and Navy must be officers of their respective services and under which they are responsible directly to the Emperor. The lack of civil authority over the Japanese Army and Navy made Japanese policy particularly dangerous and a nation organized like Japan "is always a menace to international peace." In concluding his article Dr. Sze declared that China would never surrender an inch of her territory, nor any of her sovereign rights under stress of military force, which China is determined to resist to the best of her ability.

As suggested in previous references to this subject in these columns, the rumored rapprochement between China and Japan has received extensive comment in the American newspapers, one well known writer and lecturer declaring that the best way to make the American people pay close attention to developments in the Far East was to suggest to them that China and Japan had decided to bury their troubles and cooperate against the West. The *New York Daily News*, most widely read American newspaper, declared on August 6 that indications pointed toward General Chiang Kai-shek as playing the part of "Japan's Chancellor Dollfuss in China." Referring to the recent declaration of Madame Sun Yat-sen of a "holy war against Japanese imperialism," the paper suggested that "real trouble may be starting for Japan in a quarter where Japan hasn't expected more trouble than it could handle .... It may be possible that Mrs. Sun Yat-sen and the other Soongs ... can rally all China—including Chiang Kai-shek—to a united self-defense against Japan. If they can, Japan will have trouble."

While China has denied, through the Legation in Washington, that the rumors of a rapprochement with Japan are untrue, there were two reports in the Japanese newspapers last week which aroused considerable speculation as to underlying motives. One report appeared in a newspaper in Kobe, the *Yushin*, stating that the Tokyo Foreign Office had decided to raise the status of the Japanese Legation in China to that of an "Embassy" similar to Japan's diplomatic establishment in Hsinking, capital of Manchukuo. The report in the Kobe newspaper claimed that the Diet already had approved the change "in view of the close political and economic relations between China and Japan." Then there was the further report from Tokyo *(United Press)* on August 27 stating that the Foreign Office had decided to move the Japanese Legation from Peiping to Nanking, the reason being that the Chinese central government is now "so strongly entrenched that no political overturn appears likely, hence nothing remains to be gained by maintaining the Legation so far from the actual center of things ... under the circumstances the Foreign Office considers it necessary that the Legation be transferred to the capital on the Yangtsze."

Elsewhere in this issue of *The Review* are reproduced reports from the Japanese newspapers published shortly after the last Kuling conference alleging that China had agreed to Gen. Huang Fu's program for the settlement of outstanding issues with Japan in North China. Later reports, however, have appeared in the *Osaka Mainichi* (Aug. 24) from that paper's correspondent in China indicating that the Kuling conference did not adopt a "pro-Japanese" policy, but on the contrary had decided to adopt a strong front against Japan. It was alleged that Gen. Chiang had instructed Huang Fu to resist all Japanese demands, economic or otherwise; to avoid direct dealings with the Japanese military and to oppose various Japanese railway schemes in North China including extensions of the Tsangshih and Shantung railways and another line which the Japanese want to extend into Sinkiang. The Japanese also profess to have discovered that the military training school which Gen. Chiang Kai-shek has been conducting at Kuling this summer has developed anti-Japanese manifestations in that lectures are being delivered on the recovery of Manchukuo and exposures have been made of the entire Japanese program in Asia. This report alleged that there was ample proof that the leaders of the Nanking Government were following "dual" policies toward Japan and Manchukuo.

In further reference to what was previously termed the "international poker-game in the

Pacific," a reader in Seattle recently sent *The Review* a clipping from one of the Hearst newspapers containing a dispatch from Paris urging the establishment in China of an international police force of 250,000 men as an alternative to the control of China by the Imperial Japanese army. The dispatch alleged that such a scheme had been suggested to the French Government by powerful financial groups who urged that foreign control of the Chinese customs, posts and other governmental services be reasserted and an international police force be established along similar lines. It was said that Japan would play her "commensurate role and be given a fair place in the scheme." It was claimed that the League of Nations had made the mistake of dealing with a Chinese government which possessed power over only two provinces, hence in order to provide proper security for foreign investments, it would be necessary to "set up a new central government." This suggestion of a group of European bankers sounded suspiciously like a revival of the scheme which was widely propagated in 1927 for the reassertion of international military control of China, but which quickly collapsed when Calvin Coolidge, president of the United States declared in no uncertain terms that the American troops had been sent to China solely for the purpose of protecting American citizens and that the United States had no intention of participating with other Powers in military adventures in Asia. Also, it is unnecessary to mention that this is the threat which Japan has constantly held out to the Chinese: Either accept Japan as your master—or Japan may cooperate with the other Powers in re-establishing international control!

The British Mission to Manchukuo and the Move Toward Renewal of the Anglo-Japanese Alliance

IN view of the conflicting reports which have been circulated about the real objectives of the British Industrial Mission to Manchukuo, it apparently would be well for patriotically inclined Chinese who still regard Manchuria as a part of China, to watch the progress of this British adventure very closely. We make this statement because Baron V. W. Barnby, the organizer and leader of the Mission has made at least two diametrically opposed and conflicting statements regarding the purpose of the expedition. As proof we cite the two statements in parallel columns:

What Lord Barnby Told the Japanese—

"In the best interests of us all, I think we should see Manchukuo through Japanese eyes, for they understand it best, and whatever cooperation we find we may be able to make with local interests in the development of Manchukuo industries, we should like to do so with the full knowledge and appreciation of Japan. *It is our desire to connect Great Britain, Japan, and Manchukuo with the chains of friendship . . I cannot discuss any political questions, for our mission is purely industrial in its nature, but my personal feeling is that no gain will be made by Great Britain or any other foreign power by further delaying the recognition of the government of Manchukuo.*"

"We go without prejudice, with open minds and a feeling of complete friendliness toward Japan. Our empires are similarly constituted and their interests have much in common. *I think it will be a good thing for Japan to have such a friendly collaborator as Britain in the development of Manchukuo.*"—*Osaka Mainichi.*

What Lord Barnby Told Reuters—

"No political significance attaches to the visit of the mission, whose four members have been closely associated with the conduct of the Federation of British Industries, the most powerful organization of its kind in Britain . . The mission which I have the honor to lead to Japan and Manchukuo is not concerned in any way with political questions, which are entirely outside its scope. Neither am I personally qualified to express an opinion on political questions affecting the relations between Great Britain and other countries . . I feel it right to make this quite clear in order to avoid any misinterpretation about the objects of the mission which is proceeding to the Far East. We are going in an entirely unofficial capacity for business purposes and also in the hope of making friendly contact between the business communities of the respective countries."—*North China Daily News.*

In order that there may be no mistake regarding the authenticity of the foregoing interviews, let it be stated that the one evincing extreme friendliness toward Japan and expressing the hope of linking Great Britain, Japan and Manchukuo "with the chains of friendship," appeared in the English edition of the *Osaka Mainchi* and was written by Ichitaro Takata, London correspondent of that journal on August 16, and was published in Japan on August 19. The other interview in which Lord Barnby disavowed any political motives was telegraphed to China, by *Reuters* through British Wireless, and was published in the *North China Daily News* on Sunday, August 26. As this interview was circulated several days following the one which was given great prominence in Japan, Lord Barnby apparently was trying to counteract any possible ill effects in China and elsewhere which his earlier statement might have created. It apparently was published originally in the London *Morning Post*, which paper printed on the same day a dispatch from Tokyo stating that the alleged secret agreement between Great Britain and Japan, which recently has received considerable attention in the newspapers, "would turn out to be an ordinary pact of non-aggression, details of which are still subject to discussion. . . ." There naturally was considerable significance in this admission because the *United Press* carried a dispatch from Tokyo, which was published in the *North China Daily News* here on the preceding day,

quoting officials of the Tokyo Foreign Office as denying that a new Anglo-Japanese Alliance had been concluded by the two countries. According to the *United Press* message the original report alleging that a new Anglo-Japanese Alliance was in contemplation, had originated with a correspondent in the Netherlands Indies who declared he had learned from reliable sources that Great Britain is prepared to recognize Manchukuo and Japan's activity in North China on condition that Japan promises military non-aggression in British India and the Malay Peninsula. Other principal points in the alleged agreement were as follows:

1.—Japan and Great Britain will respect mutual interests in central and eastern Asia.

2.—Both countries will work in cooperation in South China.

3.—Both Japan and Britain will stand neutral in case either comes into collision with the Soviet Union in Asia

The spokesman of the Tokyo Foreign Office who denied the foregoing report, admitted however, that "certain quarters" in Great Britain had urged the restoration of the Anglo-Japanese Alliance, "following the 1935 Naval Disarmament Conference." Despite these denials, however, the attention which the subject has received in the British press indicates that there is more going on than appears on the surface. A message from London (German *Transocean* Service, dated Aug. 22) said that the *Daily Mail* had commented on the alleged renewal of the Alliance and had emphasized the point that "news to that effect had even attracted attention in diplomatic circles notwithstanding the denials from Tokyo and Downing Street which are seen as a move, the purpose and importance of which, cannot be perceived as yet." A few days prior to this, or on Aug. 20 another important London paper, the *Daily Telegraph* published a 20-page illustrated supplement on Japan and Manchukuo, which reviewed in great detail all aspects of the Japanese Empire and "especially extolled co-operation between England and Japan." Also, of interest in this connection was a further dispatch from Geneva (*United Press*) which quoted the British Labor leader, Major Clement Attice, as declaring that the only hope of avoiding a war in the Far East "is to make it clear beforehand that the Soviet Union, the British Empire and the United States will adopt a concerted attitude against aggression and violation of treaties." The British Labor Party, it is unnecessary to mention, has always been strongly opposed to Japan's aggressive activities in Asia and has favored close co-operation between Britain, America and Russia.

Baron V. W. Barnby, Head of the British Industrial Mission, Who Would Link Britain, Japan and Manchukuo with "Chains of Friendship."

Of even greater significance was a statement bearing on this subject by Sir Frederick Whyte, a former political adviser of the Chinese National Government, which appeared in an article in the June issue of *Pacific Affairs*, the organ of the Institute of Pacific Relations. Sir Frederick Whyte's article dealt with the Philippines "as a pawn in the diplomatic game in the Pacific," wherein he disclosed the fact that the present Conservative Government in England is seriously disturbed by America's present plans to grant freedom to the Islands. He forecasted that in the event of independence being granted and America's possible refusal to guarantee the independence of the Islands, that Japan almost certainly would, sooner or later, intervene for the protection of her "interests." This would result in the creation of a situation in the Philippines closely resembling that which now prevails in China's former northeastern provinces. Sir Frederick then made the following interesting forecast:

> "England will watch, Holland will grow nervous, Australia will re-arm and New Zealand will use all her influence to persuade Great Britain to take more of an active share in Pacific affairs. At some point the British Government must then decide how to meet the situation. Will England be tempted to intervene in order to protect her Asiatic interests? Will she fight Japan or come to terms in a new Anglo-Japanese Alliance? England wants none of these. But the renewal of the Alliance might appear to a Conservative Government to be the least of the many evils involved. If England were driven to renew the Alliance as an assurance of her Eastern interests, the consequences would be far-reaching. Anglo-American relations would undoubtedly suffer, and the Dominions of the British Commonwealth might feel that their interests demanded closer association with the United States than with England. A new Alliance might seem to offer security to the British Empire in the East for a time, but the price would be high and the security weak. Japan would know that England had made her choice from weakness and not from strength. Her people would feel contempt for America and England alike, and the whole East would draw the conclusion that the Western Powers were liquidating their responsibilities in Asia, and that the West had become effete."

In concluding his article, Sir Frederick Whyte admitted that what he had said was only speculation, but no one could deny that the problems which are now developing in the Far East are of tremendous importance to the American Continent and "if America believes she is not concerned, there will be an awakening as rude as in 1917." He therefore urged close cooperation between America and Britain in the Far East "otherwise the doctrine of force and power will return in a world dominated once more by the fears and ambitions which generated the Great War . . . the Washington Treaties of 1922 . . . . if not actually torn up, are in abeyance owing to the action of Japan . . . . But if they have fallen into discredit, it is not only because Japan has had her own way unchecked in Manchuria, but because England and America failed to co-operate in time to maintain their original purpose . . . ."

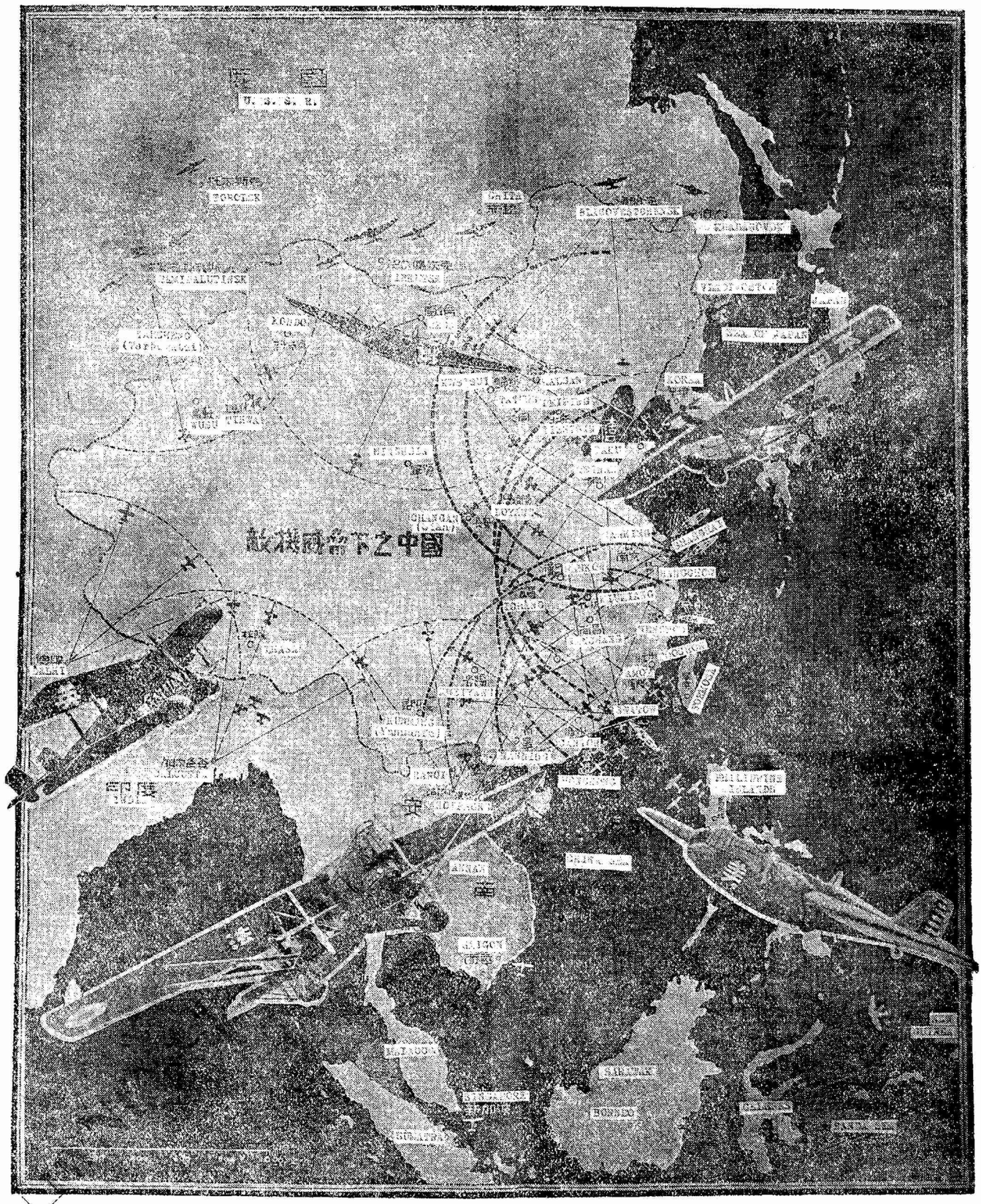
case with other countries interested in the sale of planes in China. The fit of economy which struck the American Government shortly after the Roosevelt administration came into office was responsible for the withdrawal of Major Edward D. Howard, an aviation trade commissioner, who had been appointed in the preceding Hoover administration. Great Britain also recently appointed an Aviation Attache in China and it was largely due to his efforts that an exhibition of British planes recently was staged at the Hungjao airdrome at Shanghai. The exhibition of latest model British planes was conducted by Lord Malcolm Douglass-Hamilton and Flight-Lieutenant A. D. Bennett who are connected with the British Far Eastern Aviation Company and Far Eastern Flying School at Hongkong. In recent months Shanghai residents have been treated to thrilling aviation stunts performed by such notables as Col. James Doolittle and Col. Frank Hawks of the United States and Commander Bernardi of Italy. Recently when Gen. Chiang Kai-shek reviewed some 12,000 cadets of the National Military Academy at Nanking, several Chinese students from the new National Aviation School at Hangchow performed stunts in the air which were the equal in thrills of the foreign exhibitions recently held in Shanghai. If one desires further evidence of China's serious efforts to develop aviation it is provided by the numerous offices maintained in Shanghai by foreign firms of various nationalities which are interested in the sale of planes and aviation equipment.

The National Aviation School at Hangchow has now been in operation for about two years and a half and acording to report has turned out some 200 graduates with another 200 now enrolled. The head of the Hangchow school is Gen. C. J. Chow of the Chinese army, with Col. John Hamilton Jouett, retired American aviation officer as technical assistant or co-director. The faculty includes some 20 or 25 Chinese and American instructors, each skilled in a special branch of aviation. The school also employs several hundred workmen in the assembly, repair and testing departments and the adjoining assembly plant which also has a Chinese and foreign technical staff. While no official reports have been issued regarding the Hangchow school it is said that the students generally compare quite favorably with American aviation students from the standpoint of efficiency and progress through the various departments. It was reported that more than 1,200 students applied for admission when the school was first started in 1932, shortly following the Japanese intervention and air-bombing of Chapei, which, incidentally, provided the inspiration for the institution. The amount expended on the School for land, buildings and equipment to date is said to approximate $4,000,000, much of which has accrued from the National State Lottery which is conducted for the purpose. Considering the expenditure and the fact that the school had to be built from the ground up, the results are said to be the equal, if not superior to similar institutions in the United States and Europe. The success achieved by the Hangchow school has been due not only to the official support which it has received but to the unofficial support of the Chinese public, which is rapidly becoming air-minded, a fact which is evidenced by the frequent donation of planes to the national aviation establishment by private individuals and organizations. Recently the Government granted a high decoration to a Chinese manufacturer in Shanghai who had donated several planes to the Government.

The Japanese newspapers recently have published highly exaggerated reports about China's aviation program one recently appearing in the *Japan Chronicle*, quoted a report by a Japanese naval authority to the effect that China planned to have 3,000 planes by the end of 1936. The statement by the Japanese naval officer concluded with the following, "This may be an exaggeration, but if the Chinese air force it to possess half the declared number, it will still be a menace to Japan." The so-called Amau "hands-off" declaration issued by the Tokyo Foreign Office on April 17 last called attention to Japan's alleged apprehension regarding the expanding Chinese aviation service, for it specifically raised objection to the sale of airplanes in China and to China's employment of American and other foreign aviation instructors. As China's aviation establishment is being developed for purely defensive purposes in a country which is territorially the equal of the United States, it is difficult to see why the Japanese should regard it as a menace—unless the Japanese fear it may interfere with their program for the military control of China. However, the Japanese warlords profess a similar feeling of apprehension regarding the Soviet aviation establishment on the Siberian-Manchurian border and the recently discussed plans of the American army and navy authorities to develop aviation bases on the Alaskan coast and along the Aleutian Islands, both of which are within striking distance of the Japanese mainland. It apparently has never occurred to the Japanese that their treaty-breaking activities and military aggression on the Asiatic continent since 1931 have been chiefly responsible for the speeding up of aviation programs in America, China and Russia —and also in Great Britain which nation recently has greatly increased its aviation establishments at both Hongkong and Singapore. Prior to 1931 the Russians had few planes in the Far East, but since that time the Soviet air fleet along the border allegedly has been expanded to a minimum of 1,500 military planes, one of the most important bases being near Vladivostok. Also there has been a considerable expansion of civil aviation in the Russian Far East, which, combined with similar developments by the United States in Alaska probably will result in the early establishment of services connecting the Asiatic and North American continents.

The following report by Harrison Forman in *Aviation* provides the latest information regarding China's recent developments in civil aviation:

CHINA'S VULNERABILITY FROM THE AIR



The above is a photographic reproduction of a propaganda circular recently widely distributed in China with the object of informing the Chinese people regarding China's need for an adequate aviation defence establishment. The circular shows that China is vulnerable to attack by hostile planes from almost every possible point of the compass. The text which accompanied the circular gave a brief history of aviation development over the world and emphasized China s new slogan, "National Salvation Through Aviation."

of another assembly plant shortly to be constructed at Nanchang, capital of Kiangsi province, by Italian interests. The Italians now have an aviation mission in China which is headed by Col. Roberte Lordi and includes Major Napoli and Captains Martini, Cicersa and Drago. The Italians also have an Air Attache, Col. Ettore Lodi, who is connected with the Italian Legation at Shanghai. Although the Italians entered the China field rather late their aviation activities probably have received greater official support from the Rome Government than has been the

case with other countries interested in the sale of planes in China. The fit of economy which struck the American Government shortly after the Roosevelt administration came into office was responsible for the withdrawal of Major Edward D. Howard, an aviation trade commissioner, who had been appointed in the preceding Hoover administration. Great Britain also recently appointed an Aviation Attache in China and it was largely due to his efforts that an exhibition of British planes recently was staged at the Hungjao airdrome at Shanghai. The exhibition of latest model British planes was conducted by Lord Malcolm Douglass-Hamilton and Flight-Lieutenant A. D. Bennett who are connected with the British Far Eastern Aviation Company and Far Eastern Flying School at Hongkong. In recent months Shanghai residents have been treated to thrilling aviation stunts performed by such notables as Col. James Doolittle and Col. Frank Hawks of the United States and Commander Bernardi of Italy. Recently when Gen. Chiang Kai-shek reviewed some 12,000 cadets of the National Military Academy at Nanking, several Chinese students from the new National Aviation School at Hangchow performed stunts in the air which were the equal in thrills of the foreign exhibitions recently held in Shanghai. If one desires further evidence of China's serious efforts to develop aviation it is provided by the numerous offices maintained in Shanghai by foreign firms of various nationalities which are interested in the sale of planes and aviation equipment.

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The following report by Harrison Forman in *Aviation* provides the latest information regarding China's recent developments in civil aviation:

"In the late fall of 1929 the first major commercial airline was started by China Airways, Inc.—an American company, operating under a franchise from the Chinese Government. Their equipment consisted of Pratt & Whitney Hornet-powered six-place Loening cabin amphibions. The line ran from Shanghai to Nanking in competition with a government-owned line operating Stinson landplanes powered with 300 hp. Wright 'Whirlwinds.'

"In July, 1930, the two lines merged into the present China National Airways Corporation—in which the government held a 55 per cent interest and China Airways, Inc. (a subsidiary of Curtiss-Wright) retained a 45 per cent minority. The line was extended to Hankow, operating on a daily-except-Mondays schedule, with stops at Nanking, Anking and Kiukiang.

"May, 1931, saw the inauguration of the Hankow to Chengtu line. At first it operated only to Ichang, via Shasi. In October, 1931, it was extended to Chungking, Szechwan, via the far-famed Gorges of the Upper Yangtsze, calling at Wanshien. Since June, 1933, it has been operating to Chengtu. The Hankow-Chengtu line flies on a weekly schedule.

"In addition, the C.N.A.C. instituted in January, 1933, the Shanghai to Peiping (Peking) airline, and the Shanghai to Canton line a few months later. The The Shanghai-Peiping run operates on a thrice-weekly schedule, and calls at Haichow, Tsingtao (the 'Rivera of the Orient') and Tientsin. The Shanghai-Canton line runs a daily service to the south with stops at Wenchow, Foochow, Amoy, Swatow and Hongkong.

"The equipment of the C.N.A.C. consists of six Loening amphibians, five Stinson landplanes, with three ships kept in reserve. A number of bi-motored amphibians are on order from America. The personnel numbers ten Americans, one German and one Frenchman, with Chinese co-pilots.

"In May, 1931, the Eurasia Aviation Company was formed to operate an air mail and passenger line between Shanghai and Berlin. This was quite an ambitious undertaking. It called for an express airline to extend from Shanghai to Nanking, northward to Peiping, and then northwestward across Mongolia and Siberia to connect with established European airlines.

"Unfortunately, through lack of co-operation on the part of the Soviet Government, which refused permission to the Eurasia Company to operate its ships across Sibera, it was found necessary to break the air journey at Manchouli, and transfer passengers and mails to the Trans-Siberian Railway for the journey across Siberia.

"This line opeerated for only a few short months, owing to the outbreak between the Chinese and Japanese in Manchuria.

"In March, 1932, the Eurasia Aviation Company began operations on a line which started from Nanking and touched at Loyang (Honan), Sian (Shensi), and Lanchow (Kansu). Weekly service for mail and passengers was instituted.

"Shortly thereafter, the line was extended from Nanking to Shanghai at the one end, and on to Urumchi, or Tihwa, capital of Chinese Eastern Turkestan, from Lanchow via Suchow and Hami. A line running from Peiping to Sian to connect with the Shanghai-Urumchi service was also added.

"The fortnightly service from Lanchow to Urumchi was temporarily discontinued recently owing to disturbances in Sinkiang (Chinese Eastern Turkestan).

"It is hoped to extend the Shanghai-Urumchi line to Tchukuchak, on the Russian border, then to Semipalatinsk, to connect with Soviet airplines; and thus give a service of Shanghai to Berlin in six days—or four days, if any night flying is done.

"The equipment of the Eurasia Company at the present time consists of six Junkers all-metal, low-wing monoplanes. They have accommodations for four passengers, pilot and co-pilot. They are equipped with radio. The personnel is entirely German.

"Several smaller airlines have been opened in various parts of the country. Plans are already prepared for connecting Sian with Canton, via Siang-kiang, Hankow and Changsha (Hunan). Also, Sian to Peiping, via Taiyuan.

"A vast potential wealth awaits only developed transportation facilities for exploitation. Rice, wheat, furs, silks, musk, and minerals, all are products of the far interior places; which could be developed into highly lucrative trade items in exchange for foreign products when the airplane shall bring them within a few days of the coast, instead of a few weeks or even months as at present.

"For example, it takes three or four days by fast steamer to transport merchandise and passengers between two of the greatest commercial centers in China—Shanghai and Hankow. The air service makes the trip in seven hours. From Chungking, wealthy capital of Szechwen and commercial focus for all western China, it is a journey of two weeks or more through the treacherous Gorges of the Upper Yangtsze to Shanghai. The airline makes it in *two days.* From Shanghai to Uruchi in far-off Sinkiang it is a tedious three to four months journey by mule-cart over deserts and barren mountains, infested with bandits. The Eurasia planes make it in *four days.*

"And the Chinese are exeremely air-minded too. The Eurasia line reports that it carried 58 passengers and 11,303 lb. of mail and freight in 1932; while the C.N.A.C. carried 3,153 passengers and 48,014 lb. of mail and freight during the same period.

"Upon a recent trip into the interior, I had to wait five weeks in Lanchow for passage to Shanghai in one of thee Eurasia planes—even though they had placed two, and sometimes three, planes on the weekly run.

"Pan-Ameerican Airways has recently taken over from China Airways, Inc., the 45 per cent minority interest in the C.N.A.C. It has extensive plans in prospect. A trans-Pacific line is to be established connecting China with America, via Alaska, The Aleutians and Japan.

"It is then planned to connect with the Dutch K.L.M., thee British Imperial Airways and the French Paris-Saigon lines, which are all planning to extend their services in Hongkong.

"Pan-American also plans to run a line from Shanghai to Manila. The route will jump across to the southernmost tip of Formosa from Amoy, and then follow a line of tiny islands to the northern end of the island of Luzon in the Philippines, whence the coast will be followed down easily to Manila, the terminus.

"An alternate route to the Philippines would be to make the 700-odd miles hop across the open sea from either Hongkong or Macao to Manila."

Both Japanese and Russians Charter Vessels

According to information from shipping circles the Japanese have recently chartered about 20 Chinese vessels of about 3000 tons each for the transportation of military supplies as well as cement, timber and food supplies from Japan to Manchuria. The vessels in question were chartered at Shanghai, Chefoo and Tientsin and these are now plying between Manchurian and Japanese ports at regular intervals. Meanwhile the Chinese Eastern Railway has also chartered the *Hua Shan* steamer from the San Pei Steamship Company of Shanghai, which proceeded to Vladivostok, where it was placed at the service of the Soviet military authorities.

Chinese Banks Oppose Order to Report Regarding Depositors

The Nanking government recently issued an order to the Chinese banks urging a quick and faithful report of the names and addresses of the depositors of amounts over $2,000 in local currency to be used for reference in connection with the planned collection of the new income and inheritance taxes. Strong objections are being voiced by the bank authorities, who express great fear of a tremendous transfer of deposits from the Chinese banks to foreign organizations immediately upon the enforcement of the order.

Japan Likely to Denounce Washington Treaty

FRENCH and German opinion generally is that no war is imminent between Soviet Russia and Japan as the result of the C. E. R. dispute. However, Premier Mussolini in addressing generals attached to foreign military missions at the conclusion of the Italian army maneuvers at Bologna Aug. 24 said, "No one wants war, but war is in the air and may break out at any moment. We must prepare for a war not of to-morrow but of to-day." According to the *United Press*, Washington officials feel that the Manchukuo dispute is reaching dangerous limits. American military chiefs pointed out that the approach of winter, freezing terrain, and the large scale Army operations on both sides of the frontier, are making the situation more ominous every day. According to recent messages from Washington information reaching diplomats there indicated that Japan was on the verge of denouncing the Washington disarmament pact. Japanese Embassy officials in Washington were quoted as saying that while a formal decision had not been reached, "there is very strong sentiment in Japan for such action." The aggressive younger element in Japanese naval circles is exerting pressure to have the treaty denounced and it was reported that many of Premier Okada's influential friends desire denunciation of the treaty, and that he was having the greatest difficulty in his efforts to resist them. Washington circles expressed the opinion that denunciation would create the utmost confusion in the Pacific area and require working out an entirely new peace system in connection with the 1935 conference. Japanese naval circles were stated Aug. 26 to be paying particular attention to press reports from Washington that the United States Department of State is inclined to agree to postpone of the Naval Disarmament Conference for another two years. This move, high Japanese naval officials held, would result in a similar postponement of the preliminary naval discussion scheduled to be resumed in London in October and would thus prevent Japan from finding a favorable time to denounce the Washington Naval Limitation Treaty.

European apprehension of an imminent Japan-Soviet rupture was ridiculed by the Shanghai correspondent of the *Petit Parisien*. The correspondent said that the tension between the two countries, to observers on the spot, is far less serious than it appears in Europe. Both Japan and Soviet Russia, the correspondent stated, know that the re-opening of negotiations will follow, but each side pretends to take the situation tragically and encourges new incidents, when neither wishes to transform into a casus belli.

Mr. Fujii, Japanese Minister of Finance, in an interview in the Tokyo *Jiji* Aug 25 said that war with the Soviets or the United States is "simply unthinkable."

According to the *Osaka Mainichi* (August 19) definite suggestions for limiting naval strength will be submitted by Japan to the powers concerned when the naval pourparlers are resumed next October. Japan's three fundamental principles will be incorporated, namely: The abolition of ratios, the establishment of defense autonomy, and the assurance of defense security.

Extension of the London Naval Treaty for another two years due to the difficulties of drawing a new treaty under present circumstances may be sought as the answer to the dilemma now confronting the naval experts and diplomats of all countries, according to a recent *United Press* dispatch from Washington. Extension of the Washington and London Naval Pacts for another two years or until 1940 would be an easy matter, some officials pointed out, except for the fact that Japan may denounce the existing treaties. In such a case, and if no other treaty is made, the world would see such a naval building race as history has never recorded.

Admiral Ohsumi Urges Denunciation of Treaty

Admiral Ohsumi strongly urges that Japan should proclaim her denunciation of the Washington Treaty before the October conversations in London, so that she would enter the preliminary negotiations unfettered by the ratio system which the pact established. Admiral Ohsumi seems determined to carry on his fight for immediate denunciation, even should his differences with the Foreign Office eventually force him out of the cabinet. The Army apparently is the only supporter of the Navy Minister's policy. Abrogation of the Washington naval treaty by Japan, consistently urged by a faction of high naval officers headed by the fiery Admiral N. Suetsugu, commander-in-chief of the Combined Fleet, should be delayed until "a most opportune moment" for such action presents itself, in the opinion of leading Foreign Office officials.

The *Osaka Asahi* comments :—"It is quite clear, judged by the existing international situation, that Japan must rid herself of the formula of ratio in the Washington Treaty. It is to be regretted that this imperative necessity on Japan's part is not appreciated at all by the authorities of Britain and America, who persist in regarding Japan's demand as though it were a menace to their national security. They declare that there is no reason why Japan should renounce the ratio she accepted at the time of the Washington Conference, but this view is mistaken. From the British or American point of view, the present ratio may be quite acceptable, but from Japan's standpoint it decidedly isn't. Japan's position is vastly different from when the Washington Treaty was signed. During the past few years, Japan's action aiming at the preservation of peace in the Far East has been grossly misunderstood by the Powers, who proceeded to bring moral pressure to bear upon this country. Instead of removing this pressure, they are attempting to lay on Japan the whole blame for the possible failure of the forthcoming Disarmament Conference".

Apparently taking abrogation of the Washington treaty for granted, the Japanese Navy, the *Jiji* says, has formally decided to construct capital warships as the result of a series of conferences of high officials of the Navy Ministry, the Naval General Staff and the Fleet Administration Department. The authorities based their decision primarily on the current world naval situation, including the collision between the United States and Great Britain in the matter of cruisers and battleships, Japan's demand for abolition of the ratio system, France's apparently absolute opposition to the existing navy restriction treaties, the general objection to Japan's claim, and the uncertain political situation among central European powers. The high naval command, the *Jiji* says, is confronted with the fact that two years of preparations will be necessary before construction of battleships can be started. Hence Section 4 of the Fleet Administration Department will be given instructions to proceed with the technical side of the work, which is placed in charge of the department, the Navy Ministry and the Naval General Staff.

Japan's Basic Conditions for Disarmament

Commenting on Japan's basic conditions for disarmament, the *Osaka Asahi* says that the Japanese naval authorities are credited with the readiness to agree to both qualitative and quantitative reductions, "provided a fair and just agreement is reached." By quantitative reductions is meant the diminution of the naval strength actually possessed. Japan demands equality of arming rights and stands for the total tonnage principle. The total tonnage principle constitutes a challenge to the ratio system, and is advocated by France also. Britain's proposals embody a compromise between the ratio system and the total tonnage principle. Nothing can be so unscientific as the ratio system, proceeds the Osaka journal. It imposes fixed ratios on ships of different classes, without regard to the geographical condition or the territorial dimensions of the Powers. Britain, whose possessions are scattered all over the world, stands in need of a comparatively large number of cruisers in order to ensure the safety of these possessions, and to guarantee the security of commerce and communications. On the other hand, France, who finds it difficult to compete with Britain and America in the construction of battleships, must look to submarines for her defence. Japan's position is analogous to that of France, the *Asahi* argues.

The Kaiser's "Lost" Interview

In the meantime interest attaches to the publication in the May issue of the *Atlantic Monthly* of the famous "lost" interview given by Kaiser Wilhelm II at the height of his power in 1908 to William B. Hale, in which the former German monarch urged an alliance of Germany and the United States to fight the growth of Japanese power. The "lost" interview was published by William Harland Hale, son of the man who obtained the original interview. The ex-Kaiser deplored Russia's defeat at the hands of the Japanese Empire in 1905.

"I wish my battalions could have had a chance at them," the Kaiser said at that time. "We would have made short work of it. We must not allow China and Japan to get together. It is the particular duty the white man owes himself at this moment to prevent Japan from swallowing China. It is no use taking about Great Britain. England is a traitor to the white man's cause. Everybody knows what must come to pass between the yellow and the white race," the ex-Kaiser had stated. "We are unworthy of our fathers if we are negligent in our sacred duty of preserving the civilization they achieved for us and the religion which God has given us."

Referring to the stamina of the Japanese fighting forces, the former German ruler declared "We know the Japanese hate the white race worse than the white race hates the devil. The Japanese are devils and that is a simple statement of fact."

70-014

Japanese Claim Important Decisions Reached at Kuling Conference; Gen. Liu Hsiang Resigns

High Light in the Events of the Week:

1. Japanese Reports on the Decisions of Kuling Conference
2. Northern Generals Plead Unity in Joint Message.
3. General Liu Hsiang Resigns Following Defeat by Communists
4. Fukien Armies Make Progress in Red-suppression Campaign
5. Kwangtung Military Leaders Support 5th Party Congress
6. Confucius Birthday Anniversary Officially Observed on August 27

In connection with the recent Kuling Conference, the staff correspondent of the *Osaka Mainichi* reported from Nanking on August 12 that the following decisions were reached:

1. Not to propose abolition of the Tangku Truce Agreement.

2. Huang Fu shall immediately return to Peiping, and proceed with the solution of the pending Sino-Japanese questions concerning the demilitarized zone, in accordance with the agreement reached as a result of the recent Dairen conference.

3. To support Huang Fu in the execution of his plans for readjusting Sino-Japanese relations.

4. To decide the policy of conciliation or armed resistence toward South China at the fifth national congress of the Kuomintang.

5. To promulgate the Constitution at the fifth national congress, and to determine whether or not to adopt the presidential system at once.

6. The intentions of Great Britain and America as to the coming Naval Conference are to be ascertained. Preparations are to be made for advancing matters of importance to China at the meeting including the Manchurian Question.

It was agreed at the conference to extend Huang Fu's authority in dealing with the questions of North China, and to increase the administrative expenses of Peiping.

While it is rumored that General Chiang Kai-shek will be made the first president of the Chinese Republic, according to the new Constitution, well-informed persons say that General Chiang probably will stay in the position of chief of the Military Commission as a virtual dictator, and with Marshal Tuang Chi-jui, or Lin Sen, chairman of the National Government, as president, and undertake settle ment of the question of South China and subjugation of the communist bandits.

Direct mail service between Europe and North China is now in force by way of Siberia and "Manchukuo," according to a report in the *Manchurian Daily News* on Aug. 14.

"The first European mail passed through Shanhaikwan on July 13, but understanding of the through mail traffic by the Mukden-Peking line was concluded some time before the actual opening of the railway traffic on July 1," stated an official of the Communications Bureau of the Kuantung Army Headquarters. He further stated that the Japanese government authorities had been formally notified of the through mail service from the European countries, but no word has yet been received from the Chinese government and mail from the Chinese side is not being forwarded to Europe.

Preparations by the Japanese Foreign Office to elevate the Legation in China to the status of an embassy were reported August 18 by the *Jiji*, which said the step was desired because Japan's interests in China are comparatively larger than those of other nations. The newspaper asserted that the Foreign Office had decided to include in next year's budget an appropriation for this purpose, and that details of the project were being studied.

Official denial of the existence of a secret military pact between China and the Soviet Union was conveyed to Foreign Minister Koki Hirota August 27 by General Chiang Tso-ping, Chinese Minister to Japan. In the course of their interview, Foreign Minister Hirota and General Chiang are reported to have also discussed the various aspects of the political situation in China with particular reference to the recent conference at Kuling.

According to a *Reuter* dispatch from Tokyo August 25, Naotake Satoh, Japanese Ambassador to France, and Hiroshi Saito, Ambassador to the United States, who are in Japan on furlough, will leave on September 6 for a three weeks' inspection trip in Manchukuo and China. It is reported by some newspapers that the two diplomats will see General Chiang Kai-shek and other Nanking and Canton leaders.

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The Japanese troops stationed along the Peiping-Liaoning Railway started August 24 a series of maneuvers at Tientsin, Tangku and Tangshan. The troops at Tientsin and Tangku are drilling on street fighting, while those at Tangshan engaged in field operations. Over twenty Japanese naval vessels are now concentrating in Poihai (Gulf of Chihli) for the purpose of conducting a large-scale naval maneuver, which began on the 26th inst. The maneuvers included an attempted blockade of the Poihai Bay, an attack on the Taku Harbor and general high-sea warfare in the Poihai waters. Considerable significance is being attached to the Japanese maneuvers at the present time in view of the growing tension of the Soviet-Japanese relations. It is said that they are being staged as a demonstration to Soviet Russia and with the probable Soviet invading naval forces as their imaginary enemies.

Another accident has marked the eventful through train service on the Peiping-Liaoning Railway. This time, it occurred at thee other end of the Line. According to a telegram received at Peiping from Mukden August 24, the Peiping-bound train on said day was derailed at Huangkuteng, the point of crossing of tha Peiping-Liaoning and the South Manchurian Railways, where for reasons as yet unknown one dining coach and one third class passenger coach were thrown out of the tracks and upturned. Owing to the brevity of message, the cause of the accident and the consequent casualties and damages were not disclosed.

The commander of the Japanese garrison troops at Malangyu has refused the passage of the Chinese special police force through that region to the East Manchu Imperial Mausoleum. The reason given is that the number of Chinese police exceeded that as arranged between Colonel Shibayama and Ying Ju-keng. The Japanese troops at Malangyu have taken up positions and assumed a hostile attitude towards the police there. The police force has withdrawn to Hsinlungchen pending settlement of the incident between the Chinese and Japanese authorities.

The Japanese and "Manchukuo" troops in Chahar not only are not withdrawing but are actually building more barracks to accommodate a greater number of soldiers in the Dolonor, Hsinyuan, Kanchurtmiao and the Laliangt districts. The motor road net between the above mentioned places and the Great Wall passes in East Chahar has already been completed. The Japanese military officers are moving freely in the various Mongolian banners. They have constructed a radio station at Wuchumohsin with more than a dozen operators. Mongols are being encouraged to boycott Chinese goods and enter into close economic relations with Japan. Japanese "Ronins" and Chinese traitors have been flocking into Chahar seeking to make mischief there.

In a special interview granted to a representative of the Peiping *Chen Pao*, General Sung Cheh-yuan, Chairman of Chahar, said that he had recently visited the Changpei, Chiapossu, Ssupaifang, and Kangpao districts and that he had mapped out defence plans for these districts. He further said that in case "a certain nation" invades Kalgan they would attack Kuyuan, Paochang, Kangpao and Shantu on the one side and Kangchuang and Nankow, by way of Chihchen and Lungkwan, on the other in order to cut off communications along the Peiping-Suiyuan Railway "We should not neglect such a stratagem," he said, "we must make necessary preparations."

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Northern Generals Plead Unity in Joint Message

According to the *China Times*, Generals Yen Hsi-shan, Han Fu-chu, Yu Hsueh-chung and other leading military commanders in North China have addressed a joint telegram, urging that steps be taken immediately for the unification of the country and to remove all obstacles in the way of national unification as soon as possible. The northern commanders point out that the international situation is getting more and more dangerous, China must be prepared to meet the second world war which is bound to come in the near future. But before China is in a position to cope with external troubles, steps should first be taken to remove all reactionary elements in the country and to eliminate all factors which are in the way to national unification. It is understood that the northern leaders have also sent an identical telegram to the South-west.

General Yu Hsueh-chung denied August 23 that he had issued the above joint telegram, General Yu added that he did not know whether General Yen and Han had issued the telegram, but he was positive that he had not signed it. "The reports said that we asked the Kwangtung and Kwangsi leaders to pledge their support to the Nanking Government," General Yu continued. "This is ridiculous. Generals Chen Chi-tang and Li Tsung-jen are both loyal to the Government and besides I have no right to issue such a telegram in my capacity as an official of the Government." He said that the report came from Japanese sources and was reproduced by Chinese papers.

A band of fifty women bandits has suddenly made an appearance in the vicinity of Yutien in the Luantung district. They are reported to be well armed with revolvers and rifles and are terrorizing the districts in the neighborhood of Yutien. These women commit more atrocities than men bandits and are shooting to kill any person showing the slightest sign of resistance.

The Kupeikow Customs station, attached to the Tientsin Customs, was formally opened August 22 with Peng Ta-nien in charge. Import duty is being imposed on all goods coming in from outside the Great Wall.

Two Japanese aeroplanes visited Chihchen and Kalgan on Aug 16 and circled around the city for a few minutes and then flew away. The Japanese aeroplanes had their base att Chengteh, the capital of Jehol.

Despite the rain, a large gathering turned out at the memorial service held at Peiping Aug. 25 for the War Dead who made the supreme sacrifice during the various anti-Japanese campaigns in North China. The service was held at the Tienwangtien in Peihai Park, Peiping August 24 under the suspices of the Peiping Branch of the Military Affairs Commission.

Chiao I-tang, Chairman of the Legislation Committee of the Legislative Yuan, arrived at Peiping August 20 from the Capital. Interviewed with regard to the revised draft Constitution, Mr. Chiao said that the question whether the President of the Republic (*Tsung-Tung*) should be elected by the National (People's) Congress (*Kuo-Min Ta-Hui*) or directly by the people, has not yet been decided.

General Liu Hsian of Szechuan Resigns

Gen. Liu Hsiang, Commander-in-Chief of the Szechuan Bandit-Suppression Forces, has suddenly resigned all his posts and left his military headquarters at Chengtu with a few servants and bodyguards, according to information received by Teng Ming-cha, representative of the Szechuan Army in Shanghai last week. The resignation was reported to be caused by financial stringency, as the provincial treasury had been financing the bandit-suppression campaign. As a result of Gen. Liu's departure, military operations against the Communist have been temporarily suspended.

The reported resignation of General Liu Hsiang of Szechuen has been confirmed by the Government circles at Nanking. It appears that on August 23 General Liu received reports about a serious reverse on the part of the provincial forces at the hands of the Communists at Wanyuan. Realizing that the provincial leaders cannot present a united front against their common enemy and that the anti-Red campaign has failed to bring about the desired effect, General Liu left Chengtu secretly that day and proceeded to Chungking. Before his departure General Liu left a note handing over his command to his chief-of-staff and at the same time asked the latter to telegraph to the Central Government requesting that he be relieved of his duties. This telegram has been received in Nanking and President Wang Ching-wei has already telegraphed to General Liu asking him to remain in office and to continue to carry on his anti-Red campaign.

In view of the failure of the Szechuen troops in suppreessing the Reds in that province, General Chiang Kai-shek has decided to take matters in Szechuen into his own hands and to send Government troops into that province from Kansu and Shensi to fight against the Reds. The reports state that Generals Yang Hu-chen of Shensi and Hu Tsung-nan of Kansu have already received orders from the Generalissimo to make preparations to march into Szechuen. The sudden arrival of General Liu Hsiang's representative at Canton lends belief to the rumored Government campaign against Szechuen. General Liu's representative has seen General Chen Chi-tang at Canton and he is now on his way to Hongkong to see Hu Han-min with the obvious intention of enlisting his support. General Liu Wen-hui, uncle and opponent of General Liu Hsiang, has also sent a representative to Canton on an unknown mission.

With the sudden departure of General Liu Hsiang from Chengtu, the city is left without a responsible head. On August 26, the various public organizations at Chengtu held an urgent meeting to discuss measures for the effective maintenance of local peace and order in the absence of a responsible official. As a result of the discussion it was decided that Liao Tseh, a divisional commander in Chengtu who is the highest military officer present, be requested to assume command of all the troops at Chengtu and to take over the garrison duties in the provincial capital. A run on the Provincial Bank was started on August 26 and extended to other banks in the afternoon. Banknotes of all banks have been refused on the market. The Garrison Headquarters have issued a proclamation clarifying the situation and asking the merchants to accept banknotes as usual.

The Szechuen troops on the northern front have adopted a defensive attitude in view of the vigorous counter-attack launched by the Communist forces. So far, however, the military situation has not undergone any change. The Communists in Kweichow have made considerable progress in their activities in that province. After they had been defeated by the Szechuen troops the Communists under Ho Lung attacked and captured Yenho in Kweichow. The Kweichow troops there were taken by surprise. As the attack was made in the night the Kweichow troops suffered considerable casualties in their hasty retreat. Yenho is a city on the west bank of the Wukiang River not far from the Hunan border.

The Communist band under Ho Lung in Kweichow continues to arrive on the Kweichow-Szechuen border. Although they were repulsed by the Szechuen troops when they attempted to penetrate into Szechuen territory, the Reds staged a counter-attack on August 19 and defeated the Szechuen provincial forces. General Liu Hsiang is rushing reinforcements to the south for the purpose of checking the advance of the Reds.

With the arrival of reinforcements, the Szechuen provincial troops have resumed the offensive against the Communists in the north of Tungkiang. The Reds under the command of Chang Kuo-tao are putting up vigorous resistance and they are still holding their original positions in spite of the repeated onslaught of the provincial forces.

More Red Cities in Fukien Captured

Ninghua, an important Red stronghold on the Fukien-Kiangsi border, has been captured by the Government troops operating in western Fukien, according to an official communique received at Foochow from the front August 27. With the fall of Ninghua, there remain only two principal cities in western Fukien, Changting and Liencheng, to be recevered from the Communists. Following up the victories over the Communists at Ninghua, the Southern Route Bandit-suppression forces under General Li Yang-ching and the units of the Northern Route Bandit-suppression forces under General Chen Cheng have effected a junction and are launching a combined attack on Changting, the capture of which will bring about the final collapse of the Communist force in Fukien. According to military intelligence reports, the Communists are prepared to abandon Changting,

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70-017

having been observed by the Government scouting planes removing their military and food supplies into Kiangsi in the direction of Juikin, the so-called Red capital. The Government troops operating in eastern Fukien are also meeting with success. Peace and order has been completely restored in the cities of Loyuan, Ningteh and Hsiapu, while a force of 2,000 Government troops is now on the march towards Fuan, a coastal city on the Santuao bay, the fall of which is momentarily expected.

To strengthen the defence of Foochow, a Defence Committee is to be organized jointly by the Government and people for enforcement of the measures promulgated by the Nanchang Provisional Headquarters of the President of the Military Affairs Commission, relating to the erection of blockhouses and the institution of economic blockade on the bandit areas.

The Headquarters of the Commander-in-Chief of the Eastern Route Bandit-Suppression Forces at Amoy has received an urgent telegram from General Chiang Kai-shek, enjoining that the Communist marauders ravaging the various parts of Fukien be suppressed within the shortest time possible in order to pacify the province. Acting upon the order, General Chiang Ting-wen, Commander-in-Chief of the Eastern Route Forces in Fukien, has issued strict instructions to the various commanders at the front to speed up the bandit-suppression work and round up the Communist remnants in the province. A cash reward has been offered for the capture, dead or alive, of the notorious Red leader, Lo Ping-hui, whose hordes are now being enveloped by the Government troops at Yungan in western Fukien.

The late Hsu Chen-fang, district magistrate of Loyuan, 35 miles north-east of Foochow, whose gallant resistance against the "Reds" attacking the city cost him his lift, received posthumons recognition from the Fukien authorities in the form of a compassionate grant to his dependents and an appropriation of $5,000 for his funeral expenses.

General Chiang Kai-shek has returned to Kuling after spending a few days with the cadets of the Military Training Camp at Haihueitze. General Chiang was slightly indisposed during the last few days but he has now fully recovered.

General Chiang has issued a circular order to the various Route Armies to the effect that in future all the Communists who offer to surrender to the Government should be well treated. The order further states that their property confiscated by the authorities be restored to them and proper protection given to them by the local authorities.

Interviewed at Canton, August 25, Colonel Lo Tse-tsai, chief of staff of the Kwangtung First Army Corps just reeturned from the Kiangsi front, said that great progress had been made in rehabilitation and reconstruction work in that area after the Red menace had been stamped out. He declared that all those areas, which were devastated by communists and bandits, had now been restored to normality. A number of the militia corps had been organized and local defences have been much strengthened. Turning to reconstruction in South Kiangsi, Colonel Lo said that trunk lines of highways had been completed to a total length of over 1,700 *li*, and four lines to a total length about 1,000 *li* were now under construction.

7,000 refugees, who have escaped from the bandit-infested areas, are now concentrated in the city of Kwangchang, south-eastern Kiangsi.

Shihtzuchai, a strategic point between Sinfeng and Hweichang, southern Kiangsi, has been captured by units of the 1st Column under General Yu Han-mou attached to the Southern Route Bandit-suppression Forces, according to a military despatch from the front August 26.

Damage to property valued at somewhere near $1,000,000 was caused by a fire which broke out in a suburb of Manchong on August 24 all houses, shops and residences of the entire suburban district of seven alleys and streets were wiped out, and more than 500 families, rich and poor, were left homeless.

Ling Tsu-yi, alleged chief of the organization department of the Kiangsu Provincial Committee of the Chinese Communist Party, was arrested by Settlement police in Shanghai on the request of the Bureau of Public Safety last week. Ling was picked up in a raid at a place on North Szechuen Road near Boone Road. Concident with the arrest of Ling six other alleged communists were arrested in various parts of the Settlement, indicating a recrudescence of radical activity here Quantities of communist literature were picked up by the police. The seven alleged Reds faced the Second Branch Kiangsu High Court on August 24. The case against them was remanded to August 29.

After being court-martialled by the Provisional Headquarters of the President of the Military Affairs Commission at Nanchang, Yu Chu-chow, Commander of the "Red" 1st Division, who was recently taken captive by the Government forces, was executed August 23. He was shot to death.

Following his arrival at Kuling, Tang Yu-jen, vice-Minister of Foreign Affairs, is reported to have held several discussions with General Chiang Kai-shek and General Huang Fu in connection with the North China situation. As a result of the discussions, it is further reported that definite measures have been decided upon for the settlement of the miscelleneous issues of the Luantung Demilitarized Zone. Mr. Tang will remain at Kuling until the end of the month, when he will return to the Capital in the company of General Huang.

Dr. Wang Chung-hui, Judge at The Hague Court of International Justice, arrived at Kuling from Shanghai August 25 on the invitation of General Chiang Kai-shek.

According to an official communique from Marshal Chang Hsueh-liang's headquarters at Wuchang August 24, Tsungyang, in South Hupeh, has been practically cleared of bandits. As a result of fighting on August 16 and 17, 50 bandits were killed and 34 arrested by the Government troops. In addition 26 guns were captured and three bandit organizations discovered. In north-east Hupeh. The resignation of General Liu Cheng-hua, Chairman of Anhwei, as Commander of the Bandit Suppression forces on the borders of Honan, Hupeh and Anhwei, has finally been accepted in official circles, and he will now devote his time solely to the political affairs of his province.

Convicted on the charge of peculation of public funds and seduction of women in the course of duty, Shih Kun, chief of the transport corps, attached to Military Headquarters at Wuchang, was shot August 24 by order of Marshal Chang Hsiao-liang.

For the purpose of preventing the Communists in Szechuen from penetrating into Hupeh and Shensi, the military authorities of the two provinces have drawn up measures for the joint defence. The troops of the two provinces will co- operate in case one of them is attacked by the Communists.

Kwei Hsing, a regimental commander attached to the 17th "Red" Division under Hsiao Ko, has surrendered to the Hunan troops at Yungchow, southern Hunan.

The Communists in southern Hunan are reported to be again assuming the offensive against Kwangtung. General Chen Chi-tang's headquarters, having been informed of the impending Red attack on Kwangtung, has sent a strong detachment of troops to the border district to check the advance of the Communists.

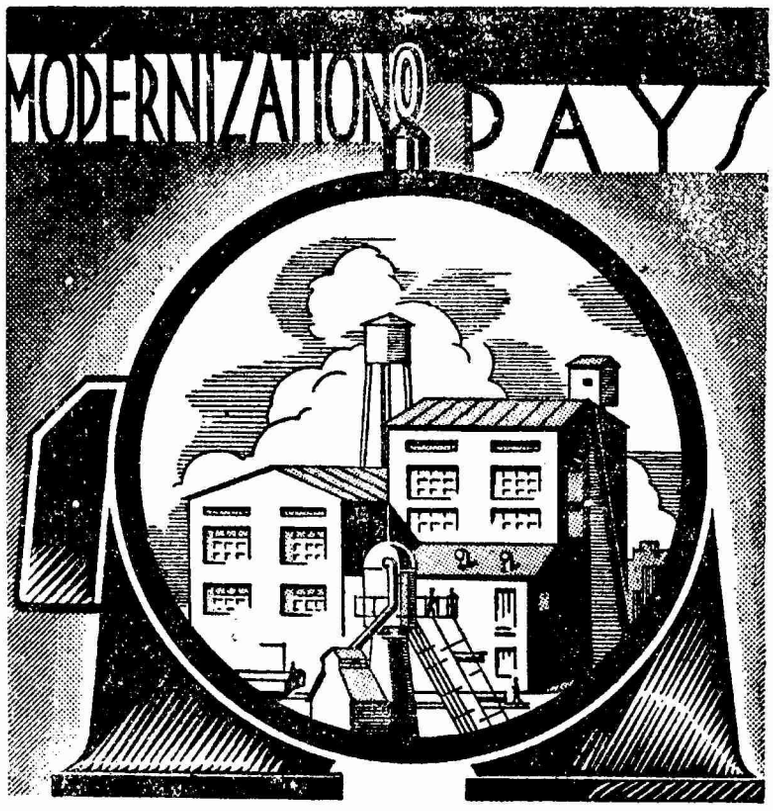
Canton Considers Party Congress Agenda

The South-west leaders have now received official notification from the Central Party Headquarters regarding the convocation of the Fifth National Party Congress and they are carefully examining the agenda of the Congress.

There is an indication already that Canton will oppose revision of the Kuomintang constitution which would revive the Tsungli system. It is also stated authoritatively that Canton is of the opinion that the period of political tutelage should be extended until the completion of district autonomy.

Generals and Chen Chi-tang and Li Tsung-jen have telegraphed to the Government expressing their unreserved support to the forthcoming Party Congress. The Party leaders in the South-west, however, are still taking exception to the meeting but the Nanking authorities hope that they would not go to extremes but submit their views to Nanking for the consideration of the Government.

A telegraphic appeal was received August 25 by the South-West Political Council from General Wang Chia lieh, the Governor of Kweichow, for immediate relief for sufferers in Kweichow from flood, drought and Red terrorism. The message states that over half of the province is in the grip of natural calamities. Twelve districts are suffering from flood, while eight districts have been devastated by hail-storms. In addition, the drought has wronght havoc in fourteen of the



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districts, while six districts situated on the Szechwen-Hunan border have been victimised by communists.

Nation-wide Celebration of Confucius Birthday Anniversary

For the first time since the establishment of the Chinese Republic the birthday anniversary of China's ancient sage Confucius was widely celebrated throughout the country on August 27. All Chinese papers carried special articles and editorials dealing with the teachings of the sage and pointed out their significance in connection with the present "new life" movement in the country. The *Central China Daily News* states that the teachings of Confucius should still be observed as the moral standard to-day. The *Min Pao* declares that to commemortate Confucius's birthday is not idol worship but will remind the Chinese people what is the correct thing for them to do and whose example they should follow. The *Sun Pao* avers that to commemorate Confuius's birthday the Chinese people should think that their ancient classics and morals are still the best and that it is of no use to copy everything foreign and forget about their own civilization.

Lin Sen, Chairman of the National Government, is returning to Nanking from Kuling on September 5. He will receive in audience the Belgian delegate Baron Emmanuel Jenssin on September 8.

Responding to the recent circular message issued by the Standing Committee of the C. E. C. announcing the convening of the 5th National Party Congress in November this year, the Provincial Party Headquarters in the seven provinces of Kiangsu, Chekiang, Anhwei, Fukien, Hupeh, Honan and Kiangsi have addressed a joint telegram to the Central Party Headquarters, pledging their whole-hearted support to the congress.

Ying Tung, Managing Director of the Peiping-Liaoning Railway, arrived at Nanking from Kiangsi August 27. Interviewed by press representatives, Mr. Ying declared that he is returning to Peiping in a day or two to resume his office. According to Mr. Ying, General Huang Fu is scheduled to come to Nanking early in September in the company of Tang Yu-jen, vice-Minister of Foreign Affairs.

In response to a telegraphic invitation from General Chiang Kai-shek, Drs. Wellington Koo and W. W. Yen, Chinese Minister to France and Ambassador to the U.S.S.R. respectively, arrived at Shanghai from Tsingtao route to Kiangsi by way of Nanking. After remaining here for a few hours following arrival, the two Chinese diplomatic leaders boarded the afternoon express for Nanking to see President Wang Ching-wei and thence proceed to Kiangsi the next day. Important discussions on China's foreign affairs are expected to take place at Kuling upon their arrival there.

General Liu Chih, Chairman of Honan, and concurrently Director of the Kaifeng Pacification Headquarters, arrived at Nanking from Kiukiang by steamer August 24. Interviewed on conditions in Honan, he said that the bandits in the province have almost all been wiped out. The insignificant number now being rounded up by the Provincial units is not considered a menace. The "Reds" along the Honan-Hupeh-Anhwei border are being suppressed by Gen. Chang Hsueh-liang. Turning to road-construction, General Liu revealed that a total of 5,000 li (approximately 1,700 miles) of highways has been completed in Honan. The highway bridges in southern Honan have been built of concrete and are very durable. Owing to financial stringency, however, several trunk roads have not yet been paved.

The Revival of Confucianism

BY C. Y. W. MENG (孟 憲 承)

FOR the past several years there had been no holiday for the celebration of the Birthday of Confucius except, possibly, in the schools, which suspended class work for one day; but the day was allowed to pass without any formality of celebration. The old form of offering sacrifice in the local Confucian Temple to worship the Great Sage did not take place. While several million dollars were spent for the construction of Dr. Sun Yat-sen's Mausoleum, and another million for the tomb of Tan Yuan-kan, the former president of the Executive Yuan, the Confucian Temple in Chu-Pan, which is in bad condition, remains unrepaired, the repair expenses for which, according to the report, have yet to depend upon "contributions"—and hence it is not yet certain whether enough money can be raised for the purpose. While Dr. Sun's Mausoleum is well painted and is kept clean and is guarded by the yellow-clothed and fully armed police, the Confucian Temples in different places are allowed to deteriorate, almost nearing collapse —in fact most of the Temples are now being used as "market places" for the small dealers. Confucianism seems to have lost all its influence, and is no longer being observed by the Chinese today! What is the reason for this, one asks?

Confucianism—The Foundation and Spirit of Chinese Civilization

For 4,000 years, the Chinese always regarded Confucius as a Great Sage, and his classics were read and memorized by the Chinese from the very day when they began to study. The Confucian principles of life and his teachings were always being observed by the Chinese masses. The Birthday of Confucius was generally considered a "Holy Day." In the by-gone days, all officials had to proceed to the local Confucian Temple to worship the Great Sage. No matter how high the officials were, they had to get down from their chair, and had to walk to the Temple, as a sign of reverence. For centuries, the teachings of Confucius have been the foundation of Chinese civilization.

The Collapse of Chinese Civilization

However, towards the end of the Tsing Dynasty, China was subjected to the oppression of foreign Powers; and, though it tried repeatedly to struggle to its feet, it was overtaken by a close succession of diasters. Ever since the Boxer rising the Chinese race has lost faith in its own destiny. While many reform movements were started from the closing days of the Tsing Dynasty up to the establishment of the National Government, they were nothing more than attempts at mechanical imitation of the externals of foreign countries, resulting in the complete submergency of the real spirit of Chinese people as revealed in its history. All the policies and systems of foreign countries were seized upon as "panacea" for the social and political maladies of China, without first trying to find out whether they were adapted to the conditions of this country.

Cherishing the idea of "equality" from the West, the writer of this article has heard some Chinese referring to their father as "Mr. so and so." Questioned as to the reason, the sons pointed out that "father and son are now 'equal', according to the Western idea." The Chinese young ladies could now arrange their own marriages themselves because they hate the "blind marriage" of the past, and favor the "free marriage" of the West. When they do marry they want to live with husbands separately from their parents-in-law, and to establish the so called "small family," as they point out that according to the "western" ideas a family consists of only one husband and wife. The Chinese conception of the family, consisting of husband, wife, parents, grand-parents, brothers and sisters, etc., is no longer agreeable to them. Since then politeness and courtesy are gone, order and discipline have disappeared, and the sense of responsibility is a virtue conspicuous for its rarity. Flourishing like noxious plants are corruption, confusion, and the sense of futility and world weariness.

What has happened to the Chinese social life is equally true of other Chinese life, political and economic.

China in Confusion and at the Cross-Roads

Amid such bewilderment, China, of course, is ready to import any "isms" from foreign countries, such as anarchism, communism, internationalism, the result being that it brought about the collapse of our own systems and the destruction of our own cultural heritage. What is worse, the youth of this generation, tumbled out of this seething cauldron, were sowing the seeds of future disaster and thus diminshing the vatality of the nation.

After a few decades of absorping everything from the West and after many trials, and apparently being somewhat disappointed, the Chinese have found that the result is not satisfactory and the western system is "unfit." It is a case of new wine bursting an old bag. The so-called "blind marriage" of the old days when two persons were married by the will of their parents without the consent of the parties concerned, has never given rise to a divorce case, yet the so-called "free marriage" of the western fashion, when two parties are allowed to make love before marriage, has given rise to many divorces. There are so many divorce cases nowaday that the officials, according to report, have decided to take steps to restrict their occurrence. The so-called "returned students," supposed to be the most progressive of the most "westernized" Chinese, strange to relate, are mostly opposed to the co-education system in China. The writer of this article has seen many returned students who have been very unwilling to send their children to the schools adopting the coeducation system.

The Return to Confucianism

Under such circumstances when the adoption of everything from the West could not meet the needs of the Chinese, the Chinese could not but turn again to the Confucian principles for guidance. This animated the so-called "Return-to-Confucius movement." This Movement is in full swing in Canton today. Canton was the first port opened to foreign trade and is the most progressive place in China, yet it is this port which inaugurated the Movement. The high officials in Canton point out that the real national salvation lies in the revival and observance of Confucian teachings. Since then we heard very much about the repeated attempts on the part of the officials to impress the people to observe the old moral principles. Since then, women are not allowed to swim together with men in the swimming pools. Women are not allowed to pull down their stockings, on the ground that it is contrary to the old moral principles. Some officials even suggested to prohibit the two sexes walking shoulder to shoulder on the streets.

The New Life Movement

General Chiang, although much occupied by State affairs and the suppression campaign, started what is known as the "New Life Movement," which is another form of the Return-to-Confucius Movement. As pointed out by the officials, among the many perils which China is facing today is the danger that our countrymen are trying to destroy the foundation upon which has been built the superstructure of our civilization. In the extremely desperate situation, dejection and confusion, a sense of futility, and disregard of moral standards have spread. The slavish imitation of western civilization, in entire disregard of the Chinese historical background and the failure to return to the Chinese history for the basis for the creative efforts, have always been scored by the Chinese elders.

The immortal words and deeds of a national leader are the crystalisation of his precious life-blood and the great heritage of a nation. Our Great Sage has shown to us that if we want to renew the strength of our nation, we must revitalize the old moral values, which are: wisdom, loving kindness, and courage, and which, stated in other terms, are loyalty, filial devotion, kindness, love, faithfulness, justice, peace and harmony. These constitute the essence of the spirit of the Chinese people as revealed in history, which is ages old. The purpose of our Great Sage was to enrich and deepen that spirit through moral influence, and to replace the principle of might with the principle of righteousness. General Chiang, in selecting "propriety," "justice," "integrity" and the "sense of shame" as the basis of the "New Life Movement," is also prescribing the right remedies for prevailing diseases, for to those who want to cure the ills of China, the spiritual heritage of our race is a perennial source of inspiration.

The "Renaissance Movement" in China

In the West, we hear very much that it was the Renaissance that gave Western civiliaztion its content and its essence, and the Renaissance was a movement inspired by the spirit of the European race as revealed in its history, a movement which assimilated the best in the old traditions and, out of the materials thus assimilated, created an atmosphere which has made the development of science possible and brought Western civilization to its present high level. It is pointed out that we should therefore follow the genius of our race as revealed in history, and urge the whole nation to throw themselves heart and soul into the important task of overcoming the present crisis and developing the spirit of the Chinese people. The success or failure of a movement depends upon zeal and faith—that is, upon moral influence, which is the same as "the principle of righteousness" enunciated by our Great Sage.

Chinese Civilization in Evolution

What has been discussed above is the usual process of "evolution" of one's civilization, which is true everywhere. That is, first, we have the most flourishing period of one's civilization; then the sudden collapse due to many reasons when the people are most anxious to discard everything "old" and adopt everything "new"; then we find the trials, confusion, embarrassment, and conflict between the old and new; then we find the tendency is toward a return to the old. But, as pointed out above, to adopt everything from the the west is not advisable, but to adopt

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everything Chinese is equally inadvisable. To change the Chinese civilization entirely is not advisable, but to return to the "old" is equally inadvisable. What is the best remedy, to be brief, is the to adopt a "mixture of the Chinese and the West." That is, we should not be too "progressive" nor too "conservative" but "moderate"—a principle (see his Book on Chung Yu) strongly enunciated by our Great Sage. A civilization shall be "stable" yet it must be "changeable" in accordance with the "time." So, we agree that the Chinese civilization should not be entirely convulsed by the ingress of the Western civilization, but we do not agree that we should return entirely to the old in disregard of the new. We agree to retain what is good from the old, and at the same time take in something good from the new to add to that which we are short of.

Nanking, August 27, 1934.

Racial Angle Involved in Local Masonic Quarrel

Local Masonic circles are watching with much interest the dispute which has developed from the fact that two years ago certain Shanghai Chinese and foreign missions agitated for a new lodge in China. Massachsetts Lodge refused a charter to the Shanghai group, who immediately received a charter from the Grand Lodge of the Philippines. "The Grand Master of the Philipines proclaimed the mission of his grand lodge to spread Freemasonry throughout the peoples of the Orient, and the purpose of forming a Grand Lodge of China with a Chinese membership was not disguised," the Massachusetts record stated. There is no quarrel over jurisdiction, as the Massachusetts Lodge regards China as "open territory." The fight is definitely over the extension of Chinese membership, which is opposed by the Grand Lodges of Massachusetts, England, Scotland, and Ireland, who have maintained lodges here for many years.

Lodges under the Philippines Grand Lodge have been established at Shanghai, Nanking, Canton, and Amoy. One of the Shanghai lodges under Philippines jurisdiction is the Amity Lodge, which was refused a charter from Massachusetts.

Dr. Hua Chuen-mei, San Francisco-born Chinese and prominent Shanghai artorney, is district grand master for China of lodges under Philippines jurisdiction and Dr. Frank J. Rawlinson, a leading American missionary and a representative of the American Board of Commissioners for Foreign Missions, is a high Masonic officer of the Philippines lodges in China.

N. F. Allman, American legal practitioner, and William Yinson Lee, of the Sun Life Assurance Co of Canada, are both members of the Sinim Lodge and the Amity Lodge—the former of which is under Massachusetts jurisdiction, and the latter of which has obtained its charter from the Philippines Grand Lodge. Mr. Allman and Mr. Lee have been ordered by the Massachussetts Grand Lodge to resign from one of the two lodges of which they are now members.

Dr. Yen Describes Progress on Shanghai Medical Center

Dr. F. C. Yen, director of the National Medical College, speaking before Shanghai Rotarians last week, described the Shanghai Medical Center and the work it proposes to do. The creation of the Shanghai Medical Center, Dr. Yen explained, came about with the donation of a valuable piece of property of two and a half blocks in the French Concession by the Rockefeller Foundation. The property, known as the Pioneer Athletic Field, bounded by Rue Chapsal and Route du-Pere Froc, is valued at $5,000,000 and comprises an area of 130 mow. One block will be used for the hospiral with its inpatients, poly-clinics for outpatients, a nursing school, a dormitory for graduate nurses, and another dormitory for resident doctors.

The first unit, for which a contract has already been signed, will accommodate 550 inpatients and later will accommodate 1,000. Contracts have also been let for the nursing school and dormitories and work on all will start immediately. The total cost of construction of the first units with equipment will be $700,000.

"Shuntien" Pirates Are Ambushed by Shantung Commander

The pirates who captured the British steamer *Shuntien* last June were ambushed near Litsung Aug. 22 and, according to Commander Chao, 50 of them were shot dead and 70 captured. They were negotiating at the time to be enrolled into the Shantung forces. The fate of these pirates recalls a somewhat similar routine followed in the case of the bandits who wrecked the Blue Express 11 years ago.

The Fukien Bandit Situation Enshrouded in a Mist

BY PAUL K. WHANG (汪 仲 芳)

THE exact situation concerning the Red-banditry in China has never been clearly understood by the public because of the vigilance exercised by the government officials in suppressing authentic news and their readiness to release biased reports for domestic consumption. What we have read in the vernacular press have been nothing but encouraging reports, as for example that the government forces have the situation well in hand, that the military phase of bandit-suppression will soon come to an end, or that the downfall of Soviet China is only a matter of days. Once in a great while, small items of news have escaped the axes of news censors and these have betrayed that the situation as a whole is not as encouraging as the government officials would have the uninformed public believe. The ubiquitous presence of Red-bandits coupled with their swift movements and surprise attacks upon government positions speak eloquently of the continuous presence of a very serious menace, for the eradication of which the government has already spent millions of dollars and years of military campaigns.

The recent happening in Fukien supply an example illustrating both the tenseness of the bandit situation in Fukien and the want of reliable news to keep the public informed of the situation. This is not the first time that the Red-bandits have threatened Foochow, because at the time when Fukien was under the control of the 19th Route Army, the provincial capital of Fukien had also a very narrow escape from falling into their hands. It has been generally known that the northern and western parts of the province have been long overrun with Red-bandits, whose rank and file have been very much swelled with the remnants of the 19th Route Army since the downfall of the "People's Government" at the end of last year.

The National Government seems to be fully aware of the tenseness of the bandit situation in Fukien, for it appointed Gen. Chiang Ting-wen as commander-in-chief of the Bandit-suppression Forces in Fukien for the purpose of coping with this bandit menace. For months, we have been told that Gen. Chiang has been conducting campaigns in attempting to round up the remnants of Red-bandits in the northern and western parts of the province. At one time, he was reported as having gone to Canton to confer with Gen. Chen Chi-tang, strong man of Kwangtung, on the matter of conducting a joint campaign to suppress Red-bandits. Thus the news reports have led us to believe that the Red menace in Fukien may be eventually eradicated through joint campaigns conducted by the Cantonese and Fukienese forces.

An Inexplicable Situation

But the "remnants" of Red-bandits, instead of being rounded up and annihilated, managed to capture Shuikow, 40 miles west of Foochow, on August 1, and succeeded in marching down to the vicinity of the capital of the province without meeting any molestation or hindrance. The capture of Foochow was barely averted after the government at the eleventh hour had rushed reinforcements to stem the tide of invasion. To the public who have been entirely kept in darkness because of the press ban, the meagre news regarding the movements of foreign warships to Foochow for emergency measures and the sporadic fighting which occurred in the vicinity of Foochow was nothing short of a thunderbolt from the blue sky.

It is indeed incomprehensible how the marauders could gather enough forces to launch a surprise attack on the capital of a province without the knowledge of those whose duty is is to watch and check their movements. While we can by no means find out the exact number of government soldiers in Fukien, we are quite safe in saying that it must be several times greater than that of the marauders. How is it possible that under the watchful eyes of government soldiers a small force of marauders can move freely and stage surprise attacks upon government positions? This state of affairs can be only explained by the fact that either the commanders of bandit-suppression forces have neglected their duty, or they have purposely given free passes to the Red-bandits.

Even at the time of writing this article, the Fukien situation is still enshrouded in a mist. While the news released by the government official news agencies has persistently claimed that the Reds invading the neighborhood of Foochow have been completely wiped out, that all traces of bandits at Lienhwa Shan (mountain) have been cleared, and that conditions at Foochow have been returned to normalcy—the foreign dispatches, however, have reported that the bandit situation in the vicinity of Foochow has not yet been totally brought under the control of government forces, and that the conditions are yet pregnant with dangerous possibilities.

That the bandit situation has not been brought to an end can be clearly seen by the movement of government troops to Foochow to reinforce government positions. Undoubtedly, with the arrival of reinforcements and assistance of air corps, the government forces will be able to drive back the marauders and recover the lost territories. This bandit menace to Foochow may be temporarily checked but can by no means removed if the marauders are continuously permitted to run amok in the northern and western parts of the province.

It must be noted that the Red bandits, being surrounded by government forces on all fronts have to seek an escape by concentrating their attack upon the spot where the defence is the weakest. Moreover, they have been long aiming at the capture of a seaport, so that their supply of munitions nad food-stuffs will be ensured. Therefore unless the government forces in Fukien can build up a strong line of defence to check the swift movements of marauders, the people in Foochow will always be faced with the bandit menace.

When Commanders Change Allegiance

The suppression of authentic news on the part of the government has only given the rumor-mongers an opportunity to spread wild rumors among the populace. In the past weeks, rumors of every sort concerning Foochow have been current in Shanghai, and the local atmosphere has been surcharged with uncertainties. Needless to say that domestic commerce and industry have been very much affected.

While it now seems to be certain that Foochow has been once again saved from the hands of Red-bandits, the fact that the marauders can stage a surprise attack on Foochow is still to be explained. According to one rumor which has been current in Shanghai, it has been alleged that a high commander of the Bandit-Suppression Forces in Fukien refused to fight the marauders owing to the fact that the government had failed to appoint him as Chairman of Fukien province in recognizing his services for defeating the 19th Route Army, and that he is now on the point of changing his allegiance to the Southwest as an expression of his dissatisfaction with the Nanking Government.

Whether there is any truth in this explanation, we are not in a position to say. But that the marauders can march to Foochow with such ease reveals that there must be something wrong with the bandit-suppression forces in that province. In the meantime, it must be admitted that Fukien has been looked upon by the Southwest with envious eyes, and that the Southwest military leaders will do their utmost to win to their side the highest military commander in Fukien. As to the change of allegiance on the part of a military commander, it has been a frequent occurrence in Chinese politics. Therefore it is altogether possible that a high military commander will change his allegiance because of his dissatisfaction with the Nanking Government.

Expensive Bandit Suppression Measures

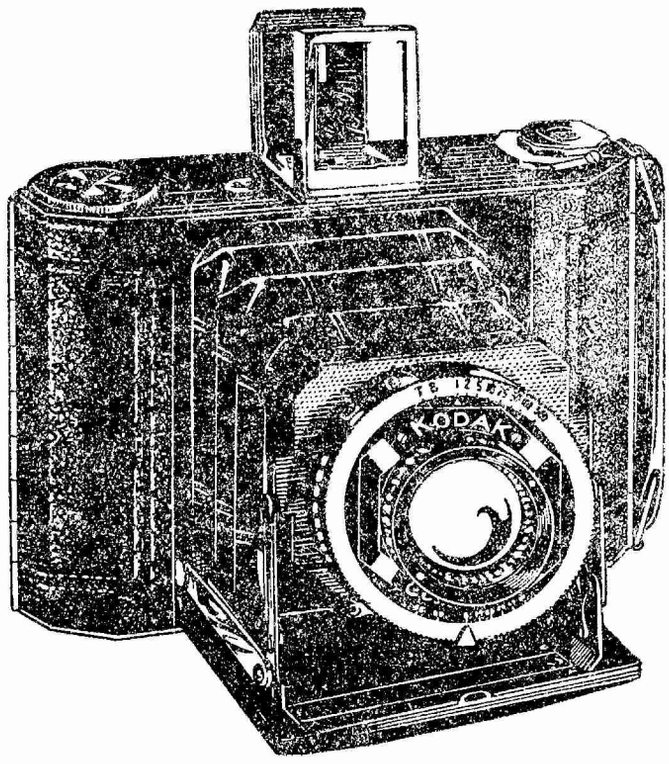
In order to prevent the recurrence of such an incident, the government should conduct a careful investigation into the reasons which made the present surprise attack on Foochow possible, and should lose no time in reorganizing the bandit-suppression forces so as to make them efficient enough to check the swift movements of Red-bandits in future. The people in Fukien have suffered a great deal in recent years, and they have not yet completely recovered from the ill-effects of the last war. Therefore the government must do everything possible to safeguard the lives and properties of the people from further communistic menace.

It is our hope that henceforth our government should be frank in informing the public of the exact situation of Red-banditry, so that the laymen will not be misled by rumors and unfounded reports. The suppression of authentic news will only make the situation more confounded, and worse, the spreading of wild rumors by those who wish to fish in troubled waters.

In a word, the present Fukien flare-up has shown clearly that the military phase of communistic-suppression is far from coming to an end, and that the communistic menace is still as acute as ever. It is indeed deplorable that we have conducted this campaign of communist-suppression for more than five years, but that we have not yet achieved any appreciable results in sipte of the huge amount of money spent every year. It is apropos to ask if it will be more economical and practical to solve this communist problem by means of economic and political readjustments as advocated by many acute political observors.

Shanghai, Aug. 26, 1934

70-022



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Food Control Commission to Be Organized by Nanking

The Nanking Government has decided to organize a Food Control Commission to attend to the equal distribution of rice and othes food supplies in the provinces. The Commission will have a capital of $4,000,000 and with this money the Commission will purchase rice and have it stored at Shanghai, Nanking, Wuhu, Anking, Hanchang, Chengchow, Hankow and Nanchang.

Hunan Is Preparing for Possible Famine

The Hunan Provincial Government has issued an order to the Hunan Provincial Bank instructing that 2,000,000 piculs of rice should be purchased by the bank immediately. The reason given is that food supplies should be stored up for fear of a possible famine in the province.

It is reported from Huchow, silk production center in northern Chekiang, that that the area is faced with rural bankruptcy owing to the unparalleled drought. Only 30 per cent of the normal autumn harvest is expected this year. Although the silk producers are selling their products at cost in order to carry on, the market is stagnant. The administrative work of the local government is hampered by the lack of revenue.

Over 12 million people in Kiangsi province are seriously affected by by both national and human calamities, according to the latest statistics compiled by the Provincial Relief Committee. A total of 61 districts is suffering from drought and 15 districts are stricken by flood.

In view of the serious drought afflicting the province, the Chekiang Provincial Government is planning to raise a sum of $3,000,000 for the purchase of 600,000 piculs of wheat for the relief of the affected districts.

The Bank of China and the Shanghai Commercial Savings Bank have decided to form a financial commission to extend relief to the rural districts in Hunan, which are rapidly approaching bankruptcy. This step is taken at the special request of the Hunan Provincial Government.

West Lake Fast Drying Up

The West Lake, famous scenic spot, is fast drying up. Water in the lake is only knee deep and all the lotus leaves and flowers are also dying. The Chekiang Provincial Government has mapped out a plan to drain the lake by employing the farmers who had their harvest dried up and are idling waiting for relief. The Hangchow Municipal Government, besides planning dredging operations, is making special efforts to lead the water of the Chientang River into the lake so as to facilitate the irrigation of affected districts in the neighborhood.

A host of locusts has invaded the 5th and 6th areas in the district of Anyang, northern Honan, and dustroyed part of the crops.

Yellow River in Flood Inundates Hundreds of Villages

Over 290 villages in the Changyuan-Huahsien area, along the Hopei-Honan border, were inundated by the overflow of the Yellow River. More than 10,000 people were seriously affected.

Attributing the recent breaches in the dykes of the Yellow River in Changyuan, southern Hopei, to negligence on the part of the river authorities, the Hopei Provincial Government Committee, at its regular meeting Aug. 21, decided that Sun Ching-tse, Director of the Provincial River Affairs Bureau, be dismissed and punished.

According to reports received by the Hopei Provincial Government, the Yellow River overflowed its banks at nine places.

Repairs to the damaged portions of the dykes along the Yellow River at Changyuan, southern Hopei, are practically completed.

General Liu Chen-kuo, Chairman of the Anhwei Provincial Government, last week despatched telegrams to the Executive Yuan, reporting that although Liu-an, in western Anhwei, is still suffering from drought, there has been a good rainfall in the districts of Hofei, Hanshan, Shucheng and Mengcheng.

As a result of incessant torrential rainfall and the downpour of flood water from the mountains, the districts of Tapu, Chiaolin, Pengshun and Jaoping on the Kwangtung-Fukien border were completely inundated last week. The damage done is reported to be extremely heavy.

Torrential rains again fell Aug. 20 in the Peiping area and the newly repaired section section of the Peiping-Suiyuan Railway was again washed out. Later reports said the flood waters along the Santaoying section of the Peiping-Suiyuan Railway in eastern Suiyuan, had subsided.

The Luan River overflowed its banks, inundating many villages and towns on both banks of the River. Many buildings were washed away and many cattle carried off by the swift currents.

70-023

"Blood Brotherhood" Conspirators on Trial in Japan

Testi nony by the defendants in the trial of members of the Blood Brotherhood (Ketsumeidan) was completed at a session of the Tokyo District Court August 14. The group is charged in connection with the assassination of Baron Takuma Dan in March of 1932, and that of Junnosuke Inouye in February of the same year. Masashi Konuma, when permitted to testify again, launched into a general denunciation of the present condition of society. His experiences while being held in Ichigaya Prison, he said, had convinced him that most of the prisoners there prefer to stay in prison rather than to face a "harsh world where they have to toll for their daily food." He thought this condition was an eloquent indication of the suffering of the masses and of the "crippled state of society" in general.

The defendant Isamu Hishinuma asked permission to cancel certain previous statements he had made in court touching upon his attitude toward society in general. "I mean to do the best I can in facing life," he explained briefly.

Yoshitaka Yotsumoto delivered himself of a long argument against present social conditions, these being chiefly the doctrine of Nissho Inouye, head of the Blood Brotherhood and expounder of a doctrine of aid for the agrarian population which led him and his order into violence and conflict with the law. Yotsumoto laid special stress on society's inability to do away with crime in spite of terror of imprisonment and even capital punishment.

The prosecution demands that the death penalty be imposed upon four of the accused; Akira Inouye, alias Nissho, fanatic Buddhist priest and leader of the gang; Eiji Furuchi, his chief lieutenant, Tadashi Konuma, who assassinated the late Finance Minister, Mr. Inouye, and Goro Hishinuma, who murdered Baron Dan. Sentence of life imprisonment was demanded for Yoshitaka Shimoto, one of the gand leader's lieutenants.

Arrest of 108 suspected Communists in the Central Japan district, almost half of whom were students, was revealed August 10 with removal of a press censorship order against printing anything about the matter. Chief among those arrested was Genichi Sekiya allegedly the leader of radicals in Central Japan, who also faces a probable charge of attempted murder, as he is said to have attempted to kill a fellow-radical whom he suspected of having turned traitor. He also allegedly made an attempt to free a Communist suspect held by the police. Of the 108 persons held, all of whom were arrested between April 26 and June 23 of this year in the city of Hiroshima, 18 have been indicted and it was indicated that 10 more probably would be indicted shortly. Seventy-three are still being detained. Those arrested included 42 students of the Hiroshima Higher School, four students of the Tokyo Imperial University and three students of the Kyoto Imperial University.

French "Reds" made a demonstration before the Japanese Embassy in Paris August 23. They urged French intervention in the Far East. The police drove the demonstrators away.

Seiyukai Party at Loggerheads with Premier

Representatives of the Seiyukai Party, major political group in the House of Representatives, called on Premier Keibuke Okada August 21 and made a formal demand for the calling of a special session of the Diet to discuss the agrarian crisis. Dr. Kisaburo Suzuki, President of the Seiyukai Party, announced August 23 that his party would not send representatives to sit on the proposed advisory body to Premier Okada. Dr. Suzuki charged, in a manifesto, that the body was nothing but a means of pacifying the Seiyukai in its belligerent attitude against Premier Okada's government.

The rift between the Seiyukai and the Government was widened August 26 as the result of the non-committal attitude, that amounts to a refusal, adopted by Premier Okada towards the demand for the summoning of an extraordinary session of the Diet to discuss agrarian problems. The differences between the party and the cabinet arose early in July when the Seiyukai, by unanimous vote of its board of stewards, expelled all its members who had accepted posts in the government. The ground for this action lay in the belief by Seiyukai leaders that the posts offered its members in the new cabinet were not in keeping with the importance of the party, which controls the majority in the House of Representatives.

Special Tax on Munition Manufacturers Is Suggested

Suggestions are being made in many quarters that the Government should impose a special tax on industrial companies who are making tremendous profits out of Army and Navy orders. According to the existing Income Tax Law, when the profit margin exceeds ten per cent a year, revenue officials have the right to impose an excess profits tax. Among the companies commonly considered as munitions manufacturers are included a large number of small parties who have been in a bad way for many years.

Huge Sums Asked for Distressed Japanese Rural Population

The low prices for rice and silk-cocoons have caused such depressed conditions in Japanese rural areas that the government will continue public relief works next year on a larger scale than ever and also enforce permanent measures to rehabilitate the farming population. The Ministry of Agriculture and Forestry proposes to ask the Treasury to allocate the sum of Yen 27,000,000 in next year's Budget for relief purposes and has itself decided to appropriate Yen 13,500,000 for the purpose of carrying out permanent measures to stabilize the price of silk-cocoons. A movement has been started in Nagano, Yamanashi and other sericultral districts for a moratorium. Unlike similar agitations in the past when farmers' unions or tenants' unions have acted as leaders, the present campaign is led by village assemblymen and executives of public organizations. There are signs of this movement growing serious. The Japan Hypothec Bank, agricultural and industrial banks and other rural bankers are already experiencing difficulties in recovering their old loans.

Tokyo Mill Girls Poisoned by Putrid Fish

More than 200 young women employees of a Tokyo mill became ill recently from food poisoning, 22 of them seriously. These young women were all among 500 who ate at the third serving of dinner at the dormitory of the Kanegafuchi Spinning Company's mill in Sumida-cho, Mukojima. About midnight they began to complain of illness and within the next few hours 66 were removed to hospitals and the others were under medical treatment at the dormitory. The mill suspended operations the following day. An investigation indicated that the food poisoning was caused by mackerel purchased at a market in Tokyo on Monday morning, which went bad through being improperly kept during the day.

Proposed Tokyo Radio Station Will Drown Nanking Reports

Permission was granted Aug. 22 by the Japanese Ministry of Communications for establishment of a giant 150 kilowatt radio broadcasting station in Tokyo. The station J-O-A-K of Tokyo, 20-kilowatt, will be expanded to 150 kilowatt at an expense of Yen 3,000,000. Upon completion of the work the new station will be able to drown the strong broadcasting stations at Khabarovsk, 130 kilowatts, and at Nanking, 75 kilowatts. The new station will be the largest in the Orient and the broadcasting will be heard in China, Manchuria and Siberia day and night with the smallest radio set.

Dr. Geores Bonnet, a member of the Maison Franco-Japonaise, a French cultural institution in Tokyo, was last week awarded the degree of Doctor of Literature by the Japanese Ministry of Education in recognition of his thesis on Japanese folk-songs and lore.

Tatsuo Kawai, First Secretary of the Japanese Legation in China, has been appointed Consul-General at Canton. Hiroshi Ashino, Consul at the Japanese Consul-General at Hongkong, has been appointed second Secretary of the Legation to be stationed at Shanghai.

The Standard Oil Company of New York and the Rising Sun Oil Company have filed a protest with the Ministry of Commerce and Industry against the "reduced" quota of oil sales which was recently invoked.

Questioners on China Subjects Get Little Satisfaction in House of Commons

In the House Commons recently attention was brought to the increasing import into India of Japanese goods shipped from Manchurian ports (so as to evade the quota restriction). The Under Secretary of State said the matter would be brought to the attention of the Indian government.

When questions were asked whether the British Government would undertake to oppose the Japanese military authorities on the question of the British training maneuvers at Shanhaikwan, the Secretary of Foreign Affairs replied non-committally that he saw no reason why the matter should not be satisfactorily settled.

Mr. Nunn asked the Under-Secretary of State for Air whether he will take steps to assist in the establishment of a branch from the England-Australia air-line to Hongkong to Shanghai? Sir P. Sassoon replied: "The establishment of such a service is under active consideration, but the negotiations are not yet sufficiently advanced to enable me to make any useful statement at present."

General Tanaka Says Roosevelt Navy Talk "Is Insolent"

President Roosevelt's recent comment on the efficiency of the United States' naval establishment in Hawaii was characterized as "insolent" by Gen. Kunishige Tanaka, former military attache at Washington, in an article translated in the *Japan Advertiser* August 5. "It makes us think a major disturbance is purposely being encouraged in the calm Pacific," he declared. A warning that Japan will not flinch from a rupture at the 1935 naval negotiations is sounded by Gen. Tanaka, who represented his country at the Washington naval conference. He writes in his capacity as president of the Meirinkai, the retired officers' reactionary political organization, answering a recent article by Rear Admiral William V. Pratt, former chief of naval operations of the United States.

70-024

Japanese Tobacco Co. to Fight B. A. T.

With its list of 40,000 shares oversubscribed, the Manchukuo Tobacco Company, capitalized at $20,000,000 will call its first meeting of shareholders September 11. The company, organized under the sponsorship of several Japanese financiers, has its head office in Tokyo. It will seek to break into the Manchuria tobacco-market which is at present practically monopolized by the British-American Tobacco Company and the Toa Tobacco company, closely related to the South Manchuria Railway.

Banditry on Increase in Fengtien Province

Official Manchukuo records noted an increase in the number of banditry, bandit leaders and outlaws in Fengtien Province last July in comparison with the previous month, due principally to the growth of the kaoliang which gives ideal cover for the brigands. According to investigations by the Police Bureau of the Fengtien Government, there were 759 cases of banditry in the province last month. The aggregate number of bandits involved in these cases was 34,343. Bandit chiefs numbered 512, and their followers, 14,157. The above figures represent an increase of 50 in the number of outrages, as compared with the previous month, and an increase of 46 leaders and 824 followers.

Two Japanese and four Manchus were killed and many others were wounded when 200 bandits belonging to the "Red Spear" group attacked Japanese and Manchurian workers engaged in road building in Liuho Province, August 21. Two more Japanese are reported to be missing, as well as numerous Manchus. Troops from the Japanese garrison were dispatched to punish the insurgents.

The lodging house of the Fukusho Company at Sunchia-chuankou, along the Peianchen-Kushan railway, was attacked by a gang of 15 bandits on the night of August 16 and four Japanese, three Chosenese and 15 Manchurians were carried off. Japanese troops are chasing the bandits.

Thirty-three Korean settlers out of a total of 36 were massacred August 18 by bandits who attacked the town of Fangshuihotsu, near Kirin, according to the three other Koreans who managed to escape. The three stated that, on Sunday night, a force of about 300 bandits suddenly attacked the town, which they thoroughly looted. The bandits decamped.

The above report was denied by a Japanese officer in the service of Manchukuo who returned to Kirin Aug. 24 from an anti-bandit campaign in the district where Fangshuihotsu is located. A Nanchu detachment under his command was bivouacked at the village the night the attack is purported to have taken place, the officer said.

More Armed Japanese Settlers to Be Sent to Manchuria

Four hundred Japanese emigrants are scheduled to leave Japan in two separate groups during September for Kirin and Heilungkiang provinces in Manchukuo. Together with the 100 men already in Manchuria they represent the third detachment of settlers being sent to the new state under the auspices of the Ministry of Overseas Affairs. These men who will be allotted land in sparsely populated sections of northern Manchukuo, are all armed and carry sufficient ammunition to resist average bandit attacks.

Thirty outstanding businessmen from Manchukuo are scheduled to visit Japan in the latter part of October or in the early part of November this year as members of a special mission. The party is expected to make negotiations with Japanese business circles on the projected exhibition to be held in Manchukuo in 1936.

Three Japanese airplanes, fully loaded with arms and ammunition, landed at Malangyu Aug. 21. The military supplies will be stored at Malangyu.

Strong opposition against the withdrawal of extraterritoriality rights in Manchuria was expressed by citizens of Dairen at a mass meeting Aug. 21.

An eight hour express service between Dairen and Hsinking will be inaugurated this autumn.

Assisted by the gunboat *Pei Kiang* and *Hai Sing* of the Hopei Coastal Bureau, a cruiser of the Chinwangtao Customs captured eight vessels, fully loaded with smuggled Japanese goods, about 10 li from Chinwangtao harbor on Aug. 19. The contraband, consisting of $100,000 worth of Japanese sugar, piecegoods and artificial silk was confiscated by the Chinwangtao Customs.

Demilitarized Zone Problem Allegedly Solved

As the result of negotiations during the week between Colonel K. Shibayama, military attache of the Japanese Legation, and Ying Ju-keng, administrative inspector of the Chihsien-Miyun area, and Tao Shang ming, administrative inspector of the Luan-tung area, the various questions regarding the demilitarized zone are reported to have been generally settled.

Colonel Shimamoto Visits Port Arthur Battlefields

Colonel Shimamoto, who led the assault on the North Barracks, Mukden, on the night of September 18, 1931, thus

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precipitating the Manchurian Incident, made a tour of the Port Arthur battlefields week before last and also worshipped at the Dairen Shrine. Colonel Shimamoto was one of the Japanese officers who presented lengthy testimonies before the Lytton Commission at Mukden in 1932.

Manchukuo to List Consuls in Three Categories

The Manchukuo Government is about to place consuls from foreign countries in three categories, viz.:—Nations that have recognized Manchukuo and maintain consuls, nations that exchange consuls with Manchukuo under special arrangements like the Soviet Union without recognition, countries that continue to maintain consuls without the formal consent of Manchukuo and without recognizing the authority of the government of Hsinking.

Chang Hsueh-liang Satellite Arrested on Plot Charge

Japanese military police at Hsinking, August 27 turned over to the Manchukuo authorities, Li Lao-kiu, who, the gendarmes charge with having plotted against the life of General Hishigari, concurrently Japanese Ambassador to Manchukuo, Commander in Chief of the Japanese Kwantung Garrison and Governor-General of the Kwantung Territory. Li, who is said to be 27 years old, is alleged by the Japanese military authorities to be a former lieutenant under Marshal Chang Hsueh-liang. He was arrested July 29 in Hsinking by Japanese military police as a suspicious character.

Wholesale Smuggling on the Kwantung Border

Millions of yen are believed to have been lost to the Manchukuo Customs, following the revelation of a large scale smuggling racket on the Kwantung border. Customs' officials, police and trainmen on the South Manchurian Railway are stated to be involved. More than fifty arrests have been made. The organization was so extensive that customers desiring to run cargoes across the border could avail themselves of "smugglers' brokers" who arranged the whole affair, and then collected their commission. The usual method was merely to throw the freight off the train at certain stipulated points, the rails having been oiled at the various gradients, so that the trains had to slow down. The racket—which has been a prosperous one for years—was discovered when soldiers attached to the Wafangtien Garrison found some men pouring oil on the track.

Many More C. E. R. Employees Arrested by Manchurian Police---Soviets Allege Torture

Seventy Russian employees of the Chinese Eastern Railway were arrested in Harbin and other cities along the railway line Aug. 24. Nine employees were seized in the office of M. Rudy, general manager of the railway. They are charged with fomenting disturbances along the railway during the past fortnight. Manchukuo police who raided a house in Harbin seized a large quantity of small arms and hand grenades. The police believe that they were intended to be used in attacking military trains on the C.E.R. One of the employees now in custody is reported to have received a cipher telegram instructing him to destroy a C.E.R. factory. The total number of Russian employees of the railway under arrest is approximately 150. A Japanese message early in the week said that advices from Manchukuo circles indicated that the arrests had run their course. Nothing was said as to whether this was possibly due to the fact that there weren't any more Soviet employees left to arrest.

The Soviet government protested to the Japanese Kwantung Army against the arrests. The Russian protest is said to have declared that the recent arrests would impede instead of assisting efforts to reach an agreement regarding the sale of the railway, and would compel the Soviet government to increase its military forces in the Far East. The Japanese War Office is understood to have requested the Foreign Office to emphasize that the employees now under arrest have confessed that they were commanded by the Soviet Red Army authorities to wreck trains. Nine C.E.R. employees, arrested on August 22 and 23 at various stations along the line according to *Tass*, were subjected to brutal beatings and torture. The Soviet citizen, Likhodzievsky, arrested at the Pogranichnaya station, it is alleged was for three hours subjected to beating with sticks in the "police chamber of torture." These beatings and torture are said to be for the purpose of trying to force the arrested to confess criminal activities. At the same time that the Japanese are accusing the Soviets of assisting or fomenting the bandit raids on the railway, the Soviets charged that the bandit raids are the direct result of the Japanese (Manchukuo) authorities not according adequate protection to the line. The *North China Daily News* Harbin corrspondent expressed the opinion that it was *Chinese* employees of the C.E.R. who were in league with the bandits, with mixed motives of patriotism and profit.

Tass reports from Harbin reiterated that the arrested Soviet workers and employees of the Eastern line of the Chinese Eastern railway are subjected to cruel beatings and tortures, with Whiteguard policemen displaying particular zeal in beating them.

The Soviets Protest Against Arrests

On August 22 the Mr. Yurenev, Soveit Ambassador at Tokyo sent to Mr. Hirota, Japanese Minister of Foreign Affairs, the following note:

"Nineteen Soviet citizens employed by the Chinese Eastern railway, mostly its leading officials, were arrested on the eastern line of the C.E.R. on August 13 and 14. These arrests actually deprived the Eastern line of its leading staff, creating extreme difficulties for further work on the railway which, despite all difficulties caused by the local authorities and notwithstanding the absence of necessary protection, continues functioning only thanks to heroic efforts of the railway employees, and mainly Soviet citizens.

"In order to justify these lawless and groundless arrests of Soviet employees, nonsensical accusations are being fabricated, alleging that they organized attacks on Japanese military missions and bandit attacks on trains, that they organized trainwrecks, carried out robberies, murders, and kidnappings of railway employees and members of their familes. Such apparently unfounded accusations are being officially supported by the Japanese Ministry of War and representative of the Ministry of Foreign Affairs. Not confining themselves to arrests of employees of the C.E.R. and fabrication of nonsensical accusations against them, the Japano-Manchurian authorities advance the same accusations against official institutions and representatives of the Soviet Union in Manchuria, namely, against the Soviet consulate af Pogranichnaya, and the consul himself, and also against the command of the Far-Eastern Red Army.

"The Soviet Government considers all these actions which coincided with an actual break by the Japano-Manchurian side of the negotiations on sale of the Chinese Eastern railway, as causing disorganization of the functioning of the railway, and as rude violation of agreement concerning the Soviet rights on the C.E.R. The Soviet Government especially notes that the Japanese Ministry of War, in its official communique of August 17, permitted itself to make an unprecedented statement to the effect that 'orders regarding organization of wreckings and attacks were issued by the Special Far-Eastern Army' which is thus accused by the Japanese Ministry of War of directing bandit detachments on the C.E.R. through some kind of actually nonexistent organ of Soviet employees of the C.E.R.

"These statements of the Ministry of War are accompanied by declarations of aggressive character directed against the U.S.S.R. The Japanese Government cannot help understanding that similar, and lately frequently repeated, declarations of the Japanese Ministry of War, together with the abovementioned actions in Manchuria, testify to the incensification of aggressive intentions of certain Japanese official circles. The Soviet Government, considering Manchurian authorities and the Japanese Government responsible for the above actions, has charged me with the mission of lodging its protest with you. The Government of the U.S.S.R. expects that the Japanese Government will make all necessary inferences."

Huge Losses Caused by Bandit Attacks

Losses totalling more than $1,000,000 were inflicted by bandit attacks on the North Manchuria (C.E.R.) Railway property from January 1 to August 1 this year, according to investigations made public in Harbin August 23. Forty-six passengers and railway employes were killed and 102 injured in mishaps caused by sabotage, the report said. Meantime, 116 persons were kidnapped. Attacks on the eastern section of the line had continued at an average of two per day since August 6, it was stated.

The Manchukuo military train No. 901 was attacked by a set of bandirs early morning on August 23 after being derailed while running between Hsiaochiuchan and Mifenchang stations on the Eastern Line of the North Manchuria (C.E.R.) Railway.

Traffic on the North Manchuria Railway's (C.E.R.) eastern branch was resumed late August 24 following an intreruption of more than 24 hours caused by the blocking of the line as a result of the wrecking of a Manchukuo military train the previous morning at a point about 30 miles west of Imienpo. No casualties were reported. The bandits, using their habitual methods, loosened the tracks for a distance of several hundred yards and attacked the train after it was derailed.

Are the Soviets Desirous of Selling the Railway?

A communique issued August 23 by the "Manchukuo" Government declared it was willing to resume negotiations for

the purchase of the Chinese Eastern Railway on the condition that the Soviet authorities were "truly desirous of selling the railway." The communique further refuted the Soviet contentions regarding the deadlock, as released by the *Tass* News Agency, and placed responsibility for the present situation upon the Soviet authorities.

The Manchukuo Government announced last week that there is no further hope for reconsideration of the offer to sell the C. E. R. by the Soviets and that the government should demand its full rights under the Mukden Treaty:, equal control of the railway with the Soviet Union; equality in number of Manchukuo employees with Soviet employees; adoption of Manchukuo currrency as the basis of freight rates; a decrease in the freight tariff, etc.

According to reports appearing in Moscow newspapers, three Japanese representatives of the Manchurian Ministry of Transport, Messrs. Morita, Mori, and Sato, notorious for their anti-Soviet activities during last year's arrests of Soviet employees of the C.E.R. and for their attempt to seize the management of the railway, have arrived in Harbin. The Harbin Japanese newspaper, *Harbinskoye Vremia*, states that "after their arrival an important conference with the Manchurian representatives on the C.E.R. will take place, which will work out the program of further measures. The Soviet side will be asked to give a reply about the transfer of locomotives and cars belonging to the railway to the Soviet territory, and also about immediate revision of the scope of rights of the General Manager of the railway, introduction of equal rights for the Manchurian side, and adoption of the "kuo pi" currency, instead of the gold roubles, as a basis for all calculations."

The Soviet government has recalled several Soviet high officials of the Chinese Eastern Railway to Moscow. M. Bandura, Soviet member of the Board of Directors, left Harbin for home under order of the Moscow Government. It is said that M. Bandura is charged with the failure of the negotiations with Manchukuo, especially regarding the freight rate question.

Soviet-Manchukuo Waterways Convention Makes Rapid Progress

In contrast with the deadlock confronting the C.E.R. sales negotiations, the discussions leading to the signature of a waterways convention between Manchukuo and Soviet Russia have been making rapid progress. Following the conclusion of this agreement, Manchukuo and Soviet Russia will co-operate throngh a joint technical commission to establish aids to navigation on the banks of the Amur, Ussuri and Sungari rivers and on the Hanka lakes.

Soviet-American Debt Discussions Reach Deadlock

Soviet-American discussions regarding the Soviet debt of U.S. $758,500,000 to the United States reached a deadlock Aug. 24.

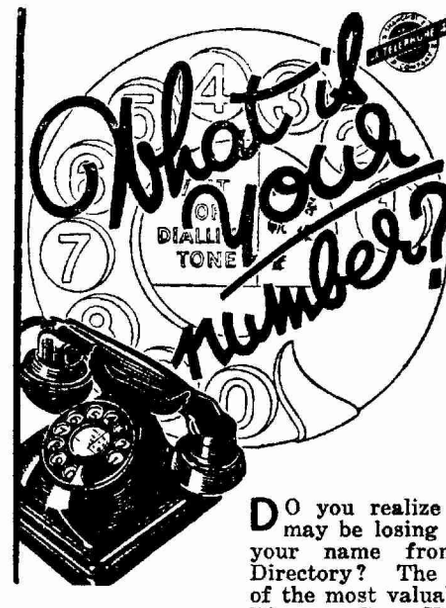
A new coal district has been discovered between Chulim and Chichka rivers, north of Tomsk. The preliminary analysis of samples shows the coal to be of high quality. This new district is supposed to be the northern extension of the Kuznetsk basin, which is famous for its exceptionally large reserves of coal.

Gross production of Soviet heavy, light, food, and timber industries for the first half of 1934, according to statistics published by the Council of the People's Commissars, registered an increase of 20 per cent over the same period of 1933.

The construction of a new giant tannery and shoe factory will be completed by the Soviets in the Far East by the end of the second Five Year Plan. The tannery will treat 350,000 large hides and 850,000 small skins a year. The shoe factory will manufacture up to 2,000,000 pairs of shoes a year.

America as the Principal Supplier of China's Air Equipment

Statistics contained in the July returns of foreign trade for the whole of China show that out of total imports of G.U. 568,997 of aircrafts and accessories, G.U. 510,971 were from the United States; of a total of G.U. 242,029 motor trucks and buses, G.U. 229,471 were from the United States; of a total of G.U. 282,913 "other motor cars" G.U. 256,815 were from the United States; of a total of G U. 233,099 radio sets and parts, G.U. 184,762 were from the United States; of a total of G.U. 1,265,571 leaf tobacco, G.U. 1,239,198 were from the United States; out of a total of G.U. 319,684, gasoline and naphtha, G.U. 200,724 came from the United States; of a total of G.U. 907,162 liquid fuel only G.U. 184,647 were from the United States, whereas the Netherlands Indies supplied G.U. 635,754. Out of a total of G.U. 347,490 kerosene oil, the U.S. supplied G.U. 187,575; of a total of G.U. 239,326 lubricating oil, G.U. 194,418 came from the United States. A gold unit (G. U.) is 40 cents *gold*, or about 67 cents in depreciated U. S. paper currency.



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70-027

British to Aid in Financing Szechuen Development

The Shanghai office of the Young Brothers Bank made public last week terms of an agreement governing the organization of a finance corporation in Chungking jointly by the Chu Hsing Cheng Bank (the English name of which is Young Brothers Bank) and a financial syndicate in London, said to be connected with the local Yangtsze Finance Corporation. The agreement was reached and signed on June 28 following negotiations with the British financial syndicate by Yang Chieh-san, general manager of the Young Brothers Bank, during the latter's visit in London in company with his son, Yang Hsi-yuan, and his nephew, Huang Ming-an. The new finance corporration in Chungking has as its chief objective the promotion of industries and commerce in Szechuen Province. It is stipulated that a new corporation known as the Lien Yi Fi Finance Corporation will be capitalized at $100,000 Mex. of which 51 per cent will be borne by the Young Brothers Bank and the remaining 49 per cent by the British financiers. It to be registered with the Chinese govenrment and function in accordance with Chinese law. The duties of the Young Brothers Bank as partner of the finance corporation will be to administer, manage and guarantee the safety of all capital received in the name of the finance corporation for investment into industrial enterprises to be promoted by the finance corporation.

General Liu Hsiang, chairman of the Szechuen Provincial Government, denied that the Szechuen Government had delegated the manager of the Young Brothers Banking Corporation, Yang Tsang-san, to negotiate with the Yangtsze Finance Corporation, a British concern, for a loan to develop Szechuen industries. "Mr. Yang," he said in his telegram, "reported to the Szechuen Government that the Young Brothers Banking Corporation was negotiation with the Yangtsze Finance Corporation for a loan to develop industries in Szechuen province. This is a purely business undertaking and not connected wtin the Szechuen Governmerment."

With a view to investing their surplus capital in the interior, prominent Shanghai industrialists will shortly hold a meeting to discuss the possibilities for making such investments in Shantung and Hupeh. An industrial organization will shortly be formed by these industrialists to take charge of the investment problem.

Excess of Imports Into China

According to figures announced by the Chinese Maritime Customs the total excess of imports over exports during the last seven months was $329,920,024.

Kiangsu to Spend $80,000 on Dredging Soochow Creek

A set of measures for the dredging of the Soochow Creek at Shanghai has been decided upon by the Ministry of Interior in conjunction with the Kiangsu Provincial Government. According to present plans, the work on the upper section will be completed in three years. An annual sum of $80,000 will be appropriated by the Kiangsu Provincial Government.

The Chekiang Provincial Government Committeee, at a meeting Aug. 21, decided to petition the Executive Yuan for the early appropriation to the Chekiang Government of part of the proceeds of the Stamp Tax collected in Chekiang, in accordance with the resolution adopted by the 2nd National Finance Conference, in order to make up for losses resulting from the abolition of various exorbitant levies and miscellaneous taxes and reduction of the surcharges on the Farm Tax in Chekiang. These losses total about $4 millions annually.

After long negotiations the Ministry of Railways has concluded a new loan with the China Finance Development Corrporation for a sum of $16,000,000. The loan will be used for the construction of bridges on the western section of the Hangchow-Ningpo Railway.

Road Construction in Southern Shensi in Full Swing

Road construction by soldiers in southern Shensi is in full swing. With the exception of the troops now engaged in the suppression of Communists all other units are taking part in road construction work. Survey work on the Sianfu-Hanchung Highway has already been completed and actual construction will start shortly.

The National Economic Council has decided to establish a model cattle ranch at Lanchow, provincial capital of Kansu, with Su Hsien-cho as Director.

According to investigations made by the Shanghai rice merchants, so far 1,100,000 piculs of foreign rice were purchased by the Shanghai rice dealers during August.

Shensi Expects Bumper Cotton Crop

Bright prospects are held out for a bumper cotton crop this autumn in Shensi province. It is estimated that each mow of cotton field will yield at least 30 catties of cotton and as there are over 210,000 mows of cotton fields in Shensi the total cotton crop should amount to over 7 million catties—an increase of 70 per cent over last year's crop. (a catty is one-and-one-third English pounds.) Orders for a hundred cotton-ginning machines have been placed hy the Cotton Improvement Station with a factory in Hankow. Other mcachines have been purchased from the Shensi Provincial Agricultural Implements Works.

A set of four measures for the readjustment of the provincial finances so as to facilitate the enforcement of the 3-year plan of Kwangtung has been jointly formulated by General Chen Chi-tang, Commander of the Kwangtung Provincial Forces, Lin Yun-kai, Chairman of the Kwangtung Provincial Government, and Fang-pu, Provincial Commissioner of Finance.

Work on Canton-Hankow Railway Progresses Rapidly

Work on the Canton-Hankow Railway is in full swing and it is expected that the unfinished section of the line will be completeted within the next three years. S. K. Lee, managing director of the Kwangtung section of the Canton-Hankow Railway, will attend the Railway Conference with Hupeh officials at Wuchang on September 10. It is learned that the Wuchang conference will discuss measures for tbe consolidated control of the entire Canton-Hankow Railway and adjustment of accounts among various section of this line. At Nanking the Canton railway official will interview officials of the Railway Ministry and will discuss problems in the South.

Survey work on the projected Canton-Swatow Railway has been finished, according to the Kwangtung Reconstruction Department. Embracing over 430 li, the line will start from Shaho, the north eastern suburb of Canton, pass through Poklo, Weiyang, Niemshanshu, Haifoong, Lukfoong, Weiloi, Pooning, Chikyang and terminate at Chaoon, where it will be linked with the Chaochow-Swatow line, which has already been completed.

Match Smuggling Activities Injure Legitimate Business

O. S. Lieu, Chairman of the National Match Manufacturers' Guild, in a petition to the Ministry of Finance last week urged that effectual steps be taken to curb the smuggling of matches, and that smuggled matches seized by the Customs be destroyed instead of being sold by auction. Smuggling of matches, which occurred in former years only in Foochow and Amoy, it is alleged, has now spread even to Shanghai and other ports along the Yangtsze River. This has not only affected the Customs revenue, but has also been seriously detrimental to the development of the domestic match industry, the message continues. The contraband usually having been sold by auction, the prices are very low, so that they can be resold by retail merchants at extremely low rates. This practice, the message pointed out, has adversely affected the interests of legitimate native match manufacturers, who are thus unable to compete with such retailers.

Nanking Charges S. M. C. with Violation of Rendition Pact

Protests against alleged violation of the rendition agreement by the Shanghai Municipal Council in connection with First Special District Court proceedings were lodged with the Diplomatic Corps in Peiping by the Ministry of Foreign Affairs last week. It is charged that the Shanghai Municipal Council violated the agreement governing the rendition of the Court by faling to execute a summons in the Tsai Yang-gee case. It is provided under Article 5 of the rendition agreement that in cases arising within the jurisdiction of the courts, the municipal police or the party concerned shall prosecute, and that documents such as summons, warrants, and orders shall be valid after they have been signed by a judge of the courts established under the present agreement, whereupon they shall be served or executed by the judicial police or by the process-servers thereof

The Tsai Yang-gee case arises from a suit brought by the wife of Tsai in the First Special District Court of Shanghai against Detective Laung Tsu-yin of the Louza Police Station for alleged third degree atrocities when her husband was in the custody of the Louza Police Station as a suspected robber. The court issued a summons for the detective, but the latter has so far failed to appear, so that the case has been remanded many times.

Record Sales of Ford Cars

World sales of Ford passenger cars and commercial units in June totalled 101,661, the largest June sales volume since 1930, according to an announcement by the Ford Motor Company. World Fair sales in June, 1933, totalled 58,543. Total Ford world sales for the first six months of 1934 were 489,915, which was 119 per cent increase over the 1933 total for the same period, which was 223,727. Ford's June production in its plants throughout the world was 98,445, as compared with 61,912 a year ago in June. Ford's world production total passed the half-million mark in June the total for the first six months of the year being 536,637 Ford passenger cars and commercial units. This compares with 228,117 units in the same period last year.

The sales of Ford V-8 passenger cars continued to lead all makes in Detroit and Wayne County during June, by a wide margin, official automobile registration figures show.

70-028

Gen. Huang Urges Construction of Airplane Factory

General Huang Kwang-jui, commander of the air force in Canton, following his return from Europe, has drawn up comprehensive measures for the development of aviation in Kwangtung. It is understood that the main purpose of General Huang's visit to Europe was to inspect aviation administration on the European Continent and to learn about the construction of airplanes. General Huang has submitted a petition to General Chen Chi-tang suggesting that an airplane factory be established near Shaokwan. A commission has already been established to take charge of affairs relating to the establishment of the factory.

The seaplane *Ninghai No.* 2, newly built by the Chinese navy, performed its maiden flight at Lunghua August 25. The plane will be delivered within two weeks for use on the Chinese gunboat *Ninghai*. The plane was built by the manufacturing department of the Chinese navy with native materials; the engine was purchased abroad.

According to the London *Daily Herald*, the Chinese Air Ministry is said to be prepared to buy a considerable number of British airplanes of the "Percival" type. The machines would be transformed from their present tourist type into pursuit and bombing planes, and their speed would be increased.

The National Government, in a Mandate issued August 22, highly commended the Tien Chu Ve-tsin Manufacturing Company of Shanghai, on the latter's donation of an airplane to the National Air Force.

The arrival of the two modern "Dolphin" amphibians, destined for service on the Shanghai-Canton air line, of the China National Aviation Corp. is being delayed owing to strikes in America. The first of the two craft was to have been finished by the end of last week. Resumption of the currently suspended service to Canton awaits arrival of these planes, which will be faster and of generally improved design as compared with the Sikorskys previously used. They have a cruising speed of 142 miles an hour as compared with 110 miles for the Sikorskys.

Miss Margery Brown, internationally-known aviatrix, arrived in Shanghai last week in the course of a three-year tour of the world, founding branches in all countries of a woman flyers' organization known as the "99" Club.

Japanese Plan Huge Extension of Airlines

Plans for the establishment of an ambitious network of Japanese air lines, which would connect with projected international lines, were disclosed August 25 by the Ministry of Communications. The whole project will cost more than 100,000,000 yen, which will have to spread over a number of years. Included in the project are, a line from Sapporo in Hokkaido to Saghalien, which would connect with Soviet airlines to Europe and possibly with a projected line from Alaska; and a service between Formosa and the Japanese mandated Islands in the South Seas, which would connect with a proposed Southern trans-Pacific route that would link Hawaii with the Philippines and the Asiatic mainland.

Flight-Lieut. Ohtsuka and Private Horiguchi of the Naval Aviation Squadron, were killed at Tateyama August 28 during meeaneuvers when two planes collided.

U.S. Army Planes Return from Alaska

The ten giant Martin bombers of the U.S. Army Air Corps returned to Bolling Field, Washington, August 20 after completing, their round-trip flight to Nome, Alaska.

A collision in mid-air while stunting over Curtiss Field near New York August 23 in honor of the arrival of Gen. Tsai Ting-kai, commander of the Chinese 19th Route Army, resulted in one plane, piloted by Edward Ong, crashing on top of an apartment building, killing the pilot almost instantanously. The other airman, Kong Shak, made a skilful emergency landing and was only slightly injured.

The Soviet Aviation Engineering and Technical Society is sponsoring an All-Union contest for the best design of a fast airplane for civil aviation.

Hongkong Air Service Commander Issues Report

A recent report on the development of the Airport in Hongkong for the past year, issued by the Director of Air Services, stated that the hangar and annexes were extensively occupied, an increase in floor space rented being shown over the previous year. In June a vote of approximately $800,000 was passed for further development including provision of a new hangar and slipway at the western end of the Airport There had been 1,455 flight of civil aircraft, totalling 950 hours. during which 567 passengers were carried, the decrease in number of passengers carried being due to the suspension of Flying Club activities. No accidents occurred during the year.

In the United States Court for China

In er. Estate of ELMER FLOYD COULSTON Deceased

Cause No. 3719
Special Proceedings No. 988
NOTICE
Filed at Shanghai, August 2, 1934.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of ELMER FLOYD COULSTON, deceased, to present the same with vouchers to the undersigned on or before February 11th, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

LEATHA COULSTON,
Administratrix,
c/o The Shanghai Sanitarium,
150 Rubicom Road,
Shanghai, China.

Shanghai, China.
August 2, 1934.

In the United States Court for China

In re. Estate of EMILY WOOD FEARON Deceased

Cause No. 3711
Special Proceedings No. 986
NOTICE
Filed August 9, 1934.
William T. Collins, Clerk.
L. T. Kenake, Asst clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of EMILY WOOD FEARON, deceased, to present the same with vouchers to the undersigned on or before February 18, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

C. R. BURKILL,
20 Canton Road.

Shanghai, China.

United States to Spend Half a Billion on Public Relief Works

In conformity with the U. S. Government's program for combatting unemployment, Harold L. Ickes, Secretary of the Interior, is said to be planning to make permanent the unemployment relief public works, now in progress, which provide jobs for 700,000 workers. It is understood that the Committee is proceeding with the selection of various plans of works which present the most urgent public interest, for realization ef which it will request annual credits of U. S. $500,000,000.

Mayor La Guardia of New York has proposed a half per cent tax on gross commercial profits as relief for unemployed of the city, where one out of every four residents is receiving relief.

Private U.S. shipyards were awarded contracts, August 22 totalling $53,000,000, including two of four cruisers, six of 14 destroyers, and three of six submarines. The remaining 13 vessels will be built in government shipyards. The completion of these 24 ships will leave the United States with 78 vessels of various types, to build before the full strength authorized in the London Treaty is reached.

The formation of an "American Liberty League" was announced August 23 by Jouett Shouse, former assistant secretary of the treasury. President Roosevelt approved of the idea, Mr. Shouse said.

A bitter attack upon President Roosevelt and his economic policies was made by Colonel Theodore Roosevelt, Republican leader and former Governor-General of the Philippine Islands at Providence, R. I. August 23. He said that, taking 1928 production as a basis of 100, present output in Great Britain is 103, in Sweden 106, Germany 80, France 79 and in the United States it is only 67.

The London *Evening Standard* Aug. 23 vehemently protested in an editorial against the announced intention of the United States Treasury to impose a tax on the profits realized by London operators on stock transactions effected in the United States.

President Roosevelt Supports American Merchant Marine

The United States plans to build up the American merchant marine as an integral part of the nation's economic life, President Roosevelt announced August 24, thus specifically answering the recent attack upon the Government's policy of granting shipping subsidies by Henry A. Wallace, Secretary of Agriculture. Mr. Wallace had questioned the economic feasibility of spending millions of dollars for ocean mail subsidies and asked whether it was not possible to concentrate on the "exploitation of internal resources," leaving foreign ships to carry a part of America's foreign trade business.

Alien Violators of Arizona Land Laws to the Prosecuted

Threats of violence against Japanese and British Indians and also some Irish and Scots, leasing or owning farmlands in Arizona subsided Aug. 24 when Governor B. B. Moeur announced that all such aliens would be prosecuted immediately according to law. The British and Japanese Consulates in Los Angeles had sent special representatives to Phoenix to investigate the situation. Incensed at the alleged "foreign invasion" of the fertile farming lands, particularly in the Salt River Valley, American farmers were reported to have prepared to forcibly evict the aliens and destroy their property. The aliens were alleged to have violated the Arizona Alien Law which prohibits them from leasing or owning land in said state. Governor Moeur declared that, after personal investigation, he was satisfied that the danger of violence has now subsided. At the same time he pledged that violators of the law would be prosecuted immediately.

A state investigation showed that a large number of Irish and Scots were working on farms on a share basis, which is not prohibited by the statute. However, an even larger number of Hindus and Japanese are leasing land and are therefore subject to prosecution. The Department of State took official cognizance of the situation in Arizona when it telegraphed Governor Moeur to take immediate steps to prevent violence which would lead to serious international complications with the British and Japanese governments. Governor Moeur assured State Department officials that the American farmers in the affected regions have now been placated and no disorders would occur.

Huge Shipment of Silver from Shanghai

A silver shipment valued at nearly $3,000,000 departed from Shanghai August 24 by the steamer *Tai Yang*, destined partly for London and partly for New York. The exporters were the National City Bank of New York and The Chase Bank. According to an investigation conducted by the Chinese banks, since the beginning of the year up to the present, a total sum of $130,000,000, comprising silver dollars, bar silver and sycee silver has been exported from Shanghai to foreign countries, the exports during the past several weeks being particularly heavy.

A correspondent in the *N. C. D. News* pointed out that the recent shipments of silver from Shanghai were made by the various banks from profit motives alone and had nothing to do with the fear of an export tax. The profit was due to the difference in the selling rate and the export parity of silver. Sir Henri Deterding stated recently in New York that the recent exports of silver from China were almost enterely due to the fact that the Chinese government might impose a heavy export tax.

As a preliminary step to the adoption of effective measures to check the sudden flow of silver abroad, the Ministry of Finance is reported to have decided to carry out a thorough investigation of the silver reserves in the various banks in the country,

A new record for the shipment of silver from England to America was established Aug. 24 when the *President Harding* took silver valued approxiately at £1,250,000. The shipment weighed about 400 tons.

Reuter stated August 24 that a fresh decline in sterling and a relative firmness in the dollar appears to indicate that London and Washington are each pursuing an individual monetary policy as opposed to parallelism.

The Amoy Chamber of Commerce has declared an embargo on both silver and rice exports.

A silver market is to be opened in Montreal to take over the business previously done in New York.

China and Persia as Rivals at Geneva

A contest between China and Persia for a non-permanent seat in the Council of the League of Nations was launched in Geneva, August 25. Observers consider that Persia's election would necessitate China's surrender of her seat.

London official circles August 24 flatly denied that the Swiss Government has decided to oppose the planned adhesion of Soviet Russia to the League of Nations.

"According to well informed quarters, Japan would not be in the least opposed to an extension of the time provided in her notice of withdrawal from the League of Nations" the Paris *Journee Industrielle* wrote Aug. 21, commenting on the general situation on the eve of the League Assembly meeting next month.

Japanese Instructor for Chinese Marine Academy at Foochow

The Japanese Government has accepted an invitation to provide an instructor for the newly organized Chinese Marine Academy at Foochow in the province of Fukien, according to news reports from Tokyo appearing in the organ of the Red army *Krasnaya Svesda*. The Japanese Marine Ministry has appointed Captain Teraoka, who up till now has been Commander of the Flying Squadron in the harbor of Yokosuka, to the post.

A group of more than 50 Japanese engineers and experts is scheduled to arrive in China early in September to assist in the building of the new Chinese cruiser, to be christened *Ping Hai*, at the Kiangnan Dock.

Chinese Silk Market in Lyons Threatened by Japanese

A warning that the Japanese silk merchants are bidding for the monopoly of the silk market in Lyons, France, was sent to Shanghai recently by Hsi Tso-kong, a Wusih silk mercant, who is on an inspection tour in Europe. Irrespective of the Chinese silk, French merchants are using more Japanese silk because of the latter's comparatively cheaper price. Italian silk has also been introduced to Lyons at a lower price than the Chinese product. Should this situation be allowed to continue without an immediate check, Mr. Hsi writes in his letter to local leading silk merchants, the Chinese silk business in Lyons will be entirely taken away. Even if Chinese merchants try to sell their products at a lower price later on, the French merchants will then be so used to the Japanese material for manufacturing purposes that the Chinese material would be of no use to them.

Mrs. Pearl Buck at Work on New Book in New York

Mrs. Pearl Buck, at present in New York, in a recent interview in the *World-Telegram* said she was always a hereic as was her father although a missionary. She is at present completing the trilogy on China, which already contains "The Good Earth," and "Sons." Its tentative title is "House Divided." She stated that she would later write a novel on American life.

More Chinese Students Leave for U. S. and Britain

Forty-four Chinese students, including six girls, the second batch to leave for the U.S. for further studies, sailed from Shanghai last week in the Dollar Liner *President Grant*. The British steamer *Ranpura* last week also took out of Shanghai 26 Chinese students, including two girls, who are being sent with British Boxer Indemnity Funds to pursue higher studies in England. This is the second batch of Chinese students sent by the selecting committee of the Board of Directors of the British Boxer funds. The British Returned Students' Union gave a farewell lunch reception to the students. Z. U. Kwauh, president of the Union, made a speech and Chen Yu-lin, student leader, replied. Among those present at the luncheon were T. K. Chen, vice-president of the union, and member of the British Indemnity fund.

Drastic Reforms Urged in Chinese Educational System

Drastic reforms of the Chinese educational system were proposed by prominent Peiping scholars to the National Defense Planning Committee which met in Kuling August 25. The nucleus of the lengthy scheme advocates the separation of middle and primary school education and asks for the abolition of the present "single-track" advance educational system. Instead of the conventional three-year senior and junior primary school system, the proposal says, there should be a four-year junior elementary school and later a two-year senior primary education. Junior and senior high schools should bo turned into vocational schools while there should be an eight-year-preparatory high school which prepares students for colleges. A free education of from one to two years should also be given to the poor children. Dr. Monlin Chiang, chancellor of the Peking National University, Dr. Hu Shih, dean of the College of Arts of the same university, Wu Chun-sheng, chairman of the department of education of Peita, Dr. Oong Wen-hao, director of the National Geological Survey, Tao Meng-ho, director of the Social Research Institute, and Chou Ping-lin, Hopei commissioner of education, sponsored the new system.

Results of the entrance examination of the National Central University were announced at Nanking August 23. Altogether 317 students qualified, including 314 freshmen and 3 transferred students. Of the 314 freshmen, 24 enrolled for the College of Arts, 45 for the College of Science, 23 for the College of Law, 39 for the College of Educttion, 33 for the College of Agriculture, 118 for the College of Engineering; 32 are unclassified.

General Chiang Kai-shek has donated $150,000 to the Nanking Municipal Government for the establishment of two primary schools in the Capital.

Peiping Journal Urges Education for Masses

The Peiping *Chen Pao* comments:—"The general fabric of education in China is weak and there is an absence of any unifying system all over the country. Despite the great number of schools, the results of national education in this country are disappointing. The type of youths whom the nation and society require, our schools have failed to produce. What the schools do produce does not meet the country's needs. The nation spends millions of dollars every year on education but the result seems to be merely an increase in the number of high-class men unemployed.

"Since 1929 educational institutions have had a mushroom growth in this country. But when we look into our schools we find merely a skeleton form without flesh and blood, an empty name without real substance.

"In our opinion, what China needs most a present is special and mass literacy knowledge rather than high-sounding learning. Therefore, we advocate that education should be concentrated on mass education and the training of specialists. Schools for children and illiterate adults should be established with a view to ridding the nation of mass ignorance. With a carefully devised program, this would be done within a few years. The success of mass education in Soviet Russia is a very good example for us to follow."

Chinese Communist Program Disclosed in Seized Documents

Overthrow of the Nanking government is the main point of this year's program for the Chinese Communist Party according to allegedly authentic documents seized in the homes of arrested Soviet employes of the North Manchuria Railway, Japanese official dispatches from Harbin Aug. 24 stated. This program, it was charged, was to be achieved by: Discrediting the Nanking government in the eyes of the Chinese people by citing its weakness towards Japan, and exposing alleged cases of corruption in government circles; by aiding in the development of Soviet districts in Central China and giving technical and financial aid to the "Red" armies; distributing publicity "comparing the prosperity of the Soviet districts to the state of famine existing in regions under the control of the militarists," etc.

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634

70-031

China Realty Co. Official Explains Consular Building Situation

A prominent official of the China Realty Co. (Fed. Inc. U.S.A.) has written the *Review* as follows on the subject of the premises occupied by the U. S. Consulate General in Shanghai:

"Re the article on pages 447 & 448 of the *Review* of Aug. 18 regarding the present quarters occupied by the American Consulate, I take the liberty of pointing out to certain erroneous statements contained therein. On page 448 you state, 'it being necessary, incidentally, for the State Department to expend a considerable sum in modernizing the structure.' The accuracy of this statement can be verified by reference to the State Department, but to the best of my knowledge all expenditures—amounting approximately to $200,000—were made through the China Realty Company for the account of the owners. In the same paragraph referred to above, you state, 'the Realty Company which has the agency for the building inserted a statement in the local *Evening Post*.' To the best of my knowledge no statement was ever given to any paper local or otherwise regarding the subject in question. Further on you state, 'This statement of the realtor who is receiving a handsome reture...may be correct.' From this one would infer that the China Realty Company was making a handsome return on this property. As a matter of fact the China Realty Company are acting only as the agent for the owners of the building. For this service we receive 2% of the rental collected. This 'handsome return' amounts to U. S. $66.66 per month, the rental being U. S. $3.333.33, or at present exchange say roughly Chinese $10,000 per month—from which the owner pays all expenses, including heating in connection with the building. The net income to the owner for the last twelve months was $97,725. The assessed value of the property (land only) in 1933 was Tls. 978,750, or $1,468,000. From these figures you can figure for yourself the return the present owner is getting on his investment. In conclusion I can assure you that not only myself but all the other officers of the China Realty Company would heartily approve and enthusiastically lend their aid in any manner possible to secure the erection of an American Consulate in Shanghai."

⁂

The *Review* wishes to mention in this connection that its article and comments were based on an article which appeared in the *Shanghai Evening Post* May 23 in which American Consular officials were shown as indicating that while they would welcome a new building on the site now owned by the government the consensus was that unless such a building were constructed the present quarters were and are by far the best available for housing the many offices and apartments required. China Realty officials were quoted by the *Post* in the issue of May 23 above referred to as saying, "The building has been kept in constant repair, the living quarters of the officials and employees having been particularly serviced, while the building is under regular inspection and is kept in excellent shape. The building while it was not modern before the occupation of the American Consulate General, has now been modernized in every respect, and provides much more modern quarters from the standpoint both of efficiency and safety than the quarters housing a majority of the consulates here. Naturally we do not wish to seem to quarrel for a moment with the campaign which is being revived for the building of a new building for the Consulate-General and other government offices on land owned by the American government already. But we do feel that the enthusiasm of the printed matter for the new building should not reflect in any unwarranted manner upon the present building now being occupited."

⁂

Editor Thackrey Issues Statement on "Oriental Affairs"

Tang Leang-li, editor *The Peoples Tribune*, in a letter to the Editor of the Shanghai *Evening Post* August 23 drew attention to the discrepancy in the statements made by the *Post* in connection with the ownership of *Oriental Affairs*, of which it is agreed that H. G. W. Woodhead is the editor, and which is banned from the Chinese mails. Mr. Tang points out that the *Post* has assumed that because Mr. Woodhead was described as the *Publisher* of said journal in *Oriental Affairs* itself that has settled the point of *ownership*. But Mr. Tang makes this "come-back"—"You yourself are described in the *Evening Post* as its 'publisher,' but with all respect, may I ask whether you own the journal of which you are the able controller?"

T. O. Thackrey, signing himself as president of the Post-Mercury Co., Fed. Inc., U.S.A.in the same issue of the *Post* in which Mr. Tang's letter appeared, made a statement saying that investigations had showed that the printed slips sent in from both the *Hong List* and the *Dollar Directory* had been sent back with an O.K.—by whom it had not been determined . At any rate the publishers of the *Hong List* and the *Dollar Directory* were not to blame for a listing which Mr. Thackrey declared is and was incorrect. Mr. Thackrey declared that the journal is and always has been owned by Mr. Woodhead and that the Mercury Press, (the printing plant of the *Post*) prints Mr. Woodhead's magazine under contract as it does many other magazines. It is intimated that *Oriental Affairs* owes a printing bill to the Mercury Press and if that is paid Mr. Woodhead can have his journal printed elsewhere if he likes. Mr. Thackrey admits that in his article "Merely the Truth" he made an error in stating that reference to the cover page of *Oriental Affairs* would have settled the matter of ownership. He admits he should have said "editor and publisher."

Eurasian Young Woman Creates Disturbance at U. S. Consulate

Miss Frances Ada Parker, aged 19, whose mother is a Japanese, and whose father is reputedly an American, created disturbances at Whiteaway-Laidlaws and the U. S. Consulate General August 25. At the store she assaulted some sales girls and at the Consulate she ran from one room to another, incidentally breaking a clock, in the office of the judge's secretary.

The incident disclosed that the local machinery for handling such an incident was rather weak. The girl claimed American citizenship, but there was no record at the Consulate. After having "subdued" the young woman, officials of the Consulate telephoned for an ambulance. When asked as to the nature of the case they were to transport, the officer on duty at Central Fire Station, was informed that the Consulate believed they had a mental case on their hands. The reply came back that arrangements would have to be made at the Mental Ward of the Victoria Nursing Home, so that the patient could be admitted. At the Mental Ward she was refused admittance on two counts, one that there was no accommodation and, secondly, that the proper arrangements had not been made. Eventually her mother was summoned, and the police committed the daughter to her care, with a severe warning, and allowed them to proceed home.

China Year Book to Be Published Under Purely Chinese Auspices

Active work has been commenced on the preparation of a China Year Book in the English language, under purely Chinese auspices. Up until this time the only authoritative China Year Book has been that published by H. G. W. Woodhead, a British subject. The offices of the newly founded China Year Book Co. have been opened in the Chinese Y.M.C.A. building at 123 Boulevard de Montigny in the French Concession, Shanghai. Kwei Chung-shu has been appointed editor-in-chief. Shih Liang-tsai, publisher of the *Shun Pao*, is president; L. T. Chen, general manager; and Df. P. W. Kuo, treasurer.

Promoters of the company are Chinese who hold important positions in all walks of life. Among them are Dr. Tsai Yuan-pei, president of Academia Sinica; Li Shih-tseng, an important Kuomintang leader; General Yu Hsueh-chun, chairman of Hopei; General Liu Shih, chairman of Honan; General Liu Hsiang, chairman of Szechwan; General Han Fu-chu, chairman of Shantung; General Yen Hsi-shan, chairman of Shansi; Dr. Sun Fo, president of the Legislative Yuan; General Wu Te-chen, mayor of Shanghai; General Chen Chi-tang, virtual ruler of Kwangtung; General Hsiung Shih-hui, chairman of Kiangsi; Chen Kung-po, minister of industries; Chu Chia-hua, minister of communications; Yu Chu-ting, chairman of the Shanghai chamber of commerce; Admiral S. K. Chen, minister of navy; Marshal Chang Hsueh-liang, of Hankow; Dr. C. T. Wang; General Ho Ying-ching. Altogether 52 Chinese leaders have joined the company as promoters.

Japanese Naval Maneuvers Are Held in North China Waters

The Japanese Third Fleet held naval maneuvers during the week in the Pechili Bay region. A Tientsin message to the *Shen Pao* stated that on one day the U. S. Navy was the imaginary enemy and the next day the British Navy. Harbor blockade was extensively practised, and torpedo firing also engaged in. As the result of a brawl between Chinese and Japanese at Weihaiwei part of the fleet was sent to Weihaiwei in advance of the prearranged schedule. Three Japanese employees of the Tatung Company, a firm dealing with the transportation of Chinese farmers to Manchuria, were allegedly assaulted and badly beaten up by a mob of Chinese as they were returning from a banquet in a Chinese restaurant. One of the three, a man named Takahashi, suffered serious injuries and is reported to be in a critical condition.

Mansfield Freeman Succeeds T. V. Starr as President of Asia Life

The September issue of Asia Life Insurance Company's house organ, *The Policy Holder*, records that on June 26 the board of directors of the company had elected Mansfield Freeman, President of the Company, and Miss Nelle Vander Starr, Vice-President. It is stated that these two officers have had the actual running of the Company for the last three years. President T. V. Starr resigned but the office, retains his position as a director. For the present Miss Vander Starr continues to hold the post of Secretary concurrently with that of Vice-president.

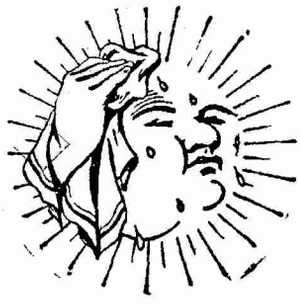
70-032

Who's Who in China

Yang Chao-keng, Government official; born at Chucheng, Shantung, 1879; graduate of a normal school in Japan; teacher at the Shantung Provincial Agricultural College and the Shantung Military School; educational inspector of Shantung Province; served under the Manchu regime as a financial official in Kiangsu; secretary to the Governor of Shantung, 1912; magistrate of Ho-Tseh, Shantung, 1913; magistrate of Tan-Hsien, Shantung, 1916; commissioner of the Water Police of Chefoo, Shantung, 1920; elected member of the House of the Peking Parliament, 1921; director of the Military Funds Raising Bureau of the Headquarters of the Military Governor of Suiyuan, 1922; secretary in the Ministry of Communications, Peking Government, 1924; magistrate of Taian, Shantung, 1925; secretary to the Commander of the 3rd Division of the Northwestern Army 1925; appointed by the National Government as Chief Secretary of the Shensi Provincial Government, 1927; Chief Secretary to the Commander of 29th Army, 1930; now, Chief Secretary of the Chahar Provincial Government and concurrently Director of the Chahar Provincial History Compilation Bureau; address: Chahar Provincial Govrenment, Kalgan, Chahar.

楊兆庚
Yang Chao-keng

楊兆庚，年五十五歲，山東諸城縣人，清拔貢生，留學日本師範畢業，歷充山東高等農林學堂教員，陸軍小學堂教員，中學堂監督，省視學，宣統二年朝考以知縣用分發江蘇，歷充江蘇清理財政局科員等職，後保升直隸州，民國元年，充任山東都督秘書，二年署荷澤縣知事，五年署單縣知事，九年任山東烟台水警廳廳長，十年當選爲衆議院議員，十一年任綏遠都統籌餉局總辦，十二年任交通部秘書，十三年任山東泰安縣知事，十四年任西北軍第三師秘書長，十六冬經中央任命爲陝西省政府秘書長，二十年任第二十九軍秘書長，現任察哈爾省政府秘書長，兼察哈爾省通志館館長。



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CUSTOMS NOTIFICATION No. 1382

With reference to Customs Notification No. 1187 of the 16th May, 1930, notifying the public of the prohibition of the importation of all silver coins from abroad, the public is now hereby notified that in accordance with Government instructions the importation from abroad of **鷹洋** (Mexican Dollars), **站人洋** (Russian Silver Dollars), and **龍番** (Japanese Dollars) is prohibited, but that all other silver coins, both standard and subsidiary, which are used as legal tender in foreign countries may be imported without restriction, irrespective of quantity.

H. O. Tong,
Superintendent of Customs.
A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 24th August, 1934.

CUSTOMS NOTIFICATION NO. 1383

The public is hereby notified that in accordance with Government instructions the following rules restricting the amount of salt permitted in importations of chemical mixtures will be enforced:—

1) The importation of chemical mixtures containing more than 20% of sodium chloride (salt) is prohibited.
2) The importation of chemical mixtures containing 20% or less than 20% of sodium chloride (salt), whether in the form of impurities or as intentional ingredients, is permitted without restriction.

H. O. Tong,
Superintendent of Customs.
A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 28th August, 1934.

Men and Events

Col. Li Fang departed from Shanghai this week for Novo Sibirsk, Russia, where he will serve as Consul-General.

Col. and Mrs. Isaac Newell passed through Shanghai this week on their way to Peiping, following a trip to the United States.

Feltham Watson, newly appointed District Attorney for the U.S. Court, arrived in Shanghai during the week and resumed his duties.

A French resident of Shanghai fell into the hands of Maizuru gendarmerie last week charged with taking photographs in the Maizuru (Japan) fortified zone.

The death of Max Hartung, a German, occurred at Peiping August 21 at the age of 65. Mr. Hartung was the founder of Hartung's Photo Shop.

General Chiang Kai-shek has donated a sum of $120,000 to the Nanking Municipal Government for the construction of model dwellings for workers.

Dr. Alfred Sze, Chinese Minister to Washington, returned to Washington together with his family last week, after having spent more than a month in England.

The State Museum of Ethnology at Berlin has arranged a display entitled "China at Work," where carefully chosen samples from all the most important branches of Chinese artistic work are being shown.

A shipment of over 5,000 tons of Chinese brick tea ordered by the Soviet Russian Government was shipped from Shanghai August 26 to Vladivostok en route to Moscow. The shipment is valued at $2,000,000.

The sailing of the s.s. *Nagasaki Maru* from Kobe was delayed August 28 as the result of a strike in the engine room. An emergency crew was enlisted and the vessel arrived in Shanghai without incident.

The June 30 balance sheet of the Chekiang Industrial Bank Ltd., showed a net profit for the half year of $248,485.88. Li Ming is the chairman of the board and general manager of this very properous financial institution.

The *s.s. Haiheng*, second of the four ships which are being built in Great Britain—two on the Tyne and two on the Clyde—for the Chinese Government, was launched at Glasgow August 23. Quo Tai-chi, Chinese Minister to Great Britain, presided at the ceremony.

In view of its dilapidated condition, the Ministry of Communications, in an order to the China Merchants Steam Navigation Company last week instructed that the steamer *Kwangchi* be suspended from service. The *Kwangchi*, it is stated, has been in service for the past 47 years.

Expenses for repairs to the Peiping-Tungchow Highway were fixed August 22 at a meeting of representatives from the Bureau of Public Works of the Peiping Municipal Government, the Hopei Provincial Bureau of Highways, and the Tungchow District Government.

Dr. Fong Sec, former editor of the Commercial Press and a member of the board of directors of Rotary International, returned to Shanghai during the week after completing a nine-months tour that took him to Honolulu, New Zealand, Australia and to many parts of the United States.

The China and South Sea Bank, Ltd. has established a new branch in Hongkong with Messrs. Sou Z. Chang and Y. T. Oei as manager and assistant manager, respectively. Mr. Sou is manager of the Amoy branch but will concurrently hold the position of manager at Hongkong.

The nine-year-old daughter of Capt. Feng Shih-ling, Chief of the Peking and Tientsin Garrison's Inspection Office at the Nanyuan Airdrome, was murdered, while her mother and elder sister were seriously injured during the night of August 23, by an assailant who escaped .

An interlocutory order was granted by Judge Milton J. Helmick in the United States Court for China last week in the divorce proceedings of Mrs. Mary W. Stanley against Francis F. Stanley. Mr. Stanley was ordered to pay alimony or maintenance to his former wife at the rate of $265 per month for a period of 18 months.

Dr. G. Sherwood Eddy is due in Shanghai Sept. 4 from Europe. Dr. Eddy is coming to China at the invitation of the National Committee of the Young Men's Christian Association to be engaged for a period of four months in speaking to audiences of youths in 16 cities throughout the country.

On the recommendation of Dr. Chu Min-i, Secretary-General of the Executive Yuan, members of the various organs under the Yuan will henceforth use horse-driven carriages instead of motorcars for conveyance. It is understood that this measure is taken in view of the rising price of gasolene. In order to save expenditure in fuel for the omnibuses along the various National Highways, the National Economic Council is contemplating the organization of an Inter-Provincial Gasolene Cooperative Committee.

The Republic Steel Co., of Cleveland is being merged with the Corrigan-McKinney Steel Co., of which the Truscon Steel Co. is a subsidiary. Truscon in turn has a substantial interest in the Japan Steel Products Co. Truscon is constructing a branch plant at present in Shanghai.

The idea of observing Sept. 1 every year as Reporters Day is advanced by the Hangchow Press Reporters' Association in a circular telegram to similar associations throughout the country, to commemorate the resolution adopted in 1930 by the National People's Convention (*Kuo Min Hui-I*) providing better protection for newspaper reporters, and acted upon Sept. 1, 1933.

Argument will be heard in the U. S. Court for China Sept. 3 on the petition of creditors of the Grand Theater to have the property sold. The principal creditors are Andersen, Meyer & Co., an American corporation, and Arnhold & Co., a British concern. The theater has been operating under the receivership of Ralph W. Peters, but at a continuing loss.

Baron Emmanuel Janssen, special ambassador from Belgium to China to inform the Chinese Republic of the accession to the throne of Leopold III arrived in Shanghai August 27. He and his party will be officially received by President Ling Sen at Nanking September 8. The Belgian mission visited Kaifeng, Chengchow, Loyang and Peiping before proceeding to Nanking.

The nine Russians, including one woman, who were rescued by the Japanese water police while adrift in a small steam launch off Korea on August 16, arrived in their craft at Woosung on the night of Aug. 21. They were placed under the charge of the Bureau of Public Safety. The Soviet authorities, it is said, are taking steps to deport them back to Vladivostock.

In recognition of their services in the search and subsequent discovery of the missing Japanese vice-Consul at Nanking, Mr. Kuramoto, in June last, the National Government has decided to confer a First Class Commendation Order on General Ko Cheng-lun, Garrison Commander of Nanking and General Chen Tso, Commissioner of the Nanking Contabulary, respectively.

Kenkichi Harayama, a graduate of a Chinese University, who married a Chinese girl after the Shanghai Incident, and ran a dance hall in Shanghai, was under examination by the Kobe Water Police last week. Because of the anti-Japanese feeling still prevailing in Shanghai his dance hall enterprise failed, and, getting hard up, he is alleged to have revealed certain Japanese secrets to the Chinese authorities.

Has the British Mission to Manchuria a Political Mission?

A recent London telegram to the *Asahi* attributed an important political mission to the party of British financiers who are visiting Manchukuo and Japan this autumn. It is learned on good authority, says the message, that although the undertaking is nominally for the inspection of business conditions, the party is in fact charged with the mission of improving Anglo-Japanese relations under a full understanding with the authorities of the Board of Trade and the Treasury.

Although the Federation of British Industries denies that there is any political aspect to the dispatch of the investigating mission to Manchukuo, there is no doubt that it has been unofficially approved by the British Government, an editorial in the *Minkyo Jih-pao*, prominent Canton newspaper stated Aug. 17. The article goes on to say, "It is premature, however, to say that this is Great Britain's first step towards the recognition of Manchukuo, as it is, though, clear that Great Britain will not adhere to the League of Nations policy on non-recognition of Manchukuo."

"Personally I regret very much that the Anglo-Japanese alliance was hastily scrapped in the Washington conference. It is the sincere wish of the majority of the British people that the warm friendly feeling between the two countries, which formerly prevailed, shall be revived. We will see what we can do along this line after we arrive in Japan"—Sir Charles Seligman, who is a member of the British industrial mission to Manchuria is quoted in Japanese telegrams from London as saying. The object of the mission, Sir Charles explained, is to promote friendship and goodwill among Great Britain and Japan and Manchukuo and to stimulate their trade relations. Julian Piggot, another member of the mission, was born in Japan, and Japanese messages say that as a result he holds an even greater friendly sentiment toward Japan than Sir Charles. He has a Japanese middle name, Ito.

Science Society of China Meets at Kuling

The 19th annual meeting of the Science Society of China opened at Kuling Aug. 22 under the chairmanship of Hsiao Shun-chin, Director of the Kiangsi chapter of the Society. Speeches were delivered at the opening ceremony by Chen Pu-lei (representing General Chiang Kai-shek); Chen Li-fu, member of the C.E.C.; Dr. Wang Shih-chieh, Minister of Education; and General Hsiung Shih-hui, chairman of the Kiangsi Provincial Government. The conference will continue in session for a week.

New Books of Interest in the Far East

China Through the Centuries

The Chinese: Their History and Culture, two volumes, by Kenneth Scott Latourette, D. Willis James, Professor of Missions and Oriental History in Yale University; published by The Macmillan Company, New York City, U.S.A. Volume I, 506 pages. Volume II, 389 pages.

Social Pathology in China: A Source Book for the Study of Problems of Livelihood, Health, and the Family, by Herbert Day Lamson, M.A. Associate Professor of Sociology in the University of Shanghai; published by The Commercial Press, Ltd., Shanghai, China.

These works are complementary and, although this reviewer cannot endorse either of them unreservedly, they are well above the average sinological efforts and give a more accurate picture of Chinese history, culture and social pathology than probably can be obtained by any similar amount of other reading in English. Professor Latourette's two volumes fall somewhat short of being monumental; they are often sketchy, rather uncritical at times, and particularly weak in presenting the modern milieu, especially the communist-nationalist melange and its significance in the events of recent years, but in outlining ancient Chinese history and culture, they competently perform a difficult task. Professor Lamson's contribution is a pioneering piece of work, written primarily as a textbook in sociology for Chinese institutions of higher learning to replace texts dealing with the West that are now usually used. Obviously, this is a desired development, for local sociological data is of far more significance to Chinese students than western data. Such data, particularly country-wide statistics, is sadly lacking in China, and consequently Professor Lamson's book leaves much to be sought, but within limitations that will be pointed out later, he plows a bit of virgin soil admirably.

Professor Latourette devotes his first volume to a history of China from the earliest known times to 1933. The second volume contains studies of the composition of the Chinese people, the government, economic life and organization, religion, social life and organization, art, language, literature, and education in ancient and modern times.

Distinctly showing the influence of Buckle, Professor Latourette opens with a discussion of the influence of geography, particularly its climatic aspect, on the Chinese. China has a monsoonal climate that is rather peculiar for its latitude, and which is caused by the great arid plains in the north and northwest. These heat more quickly "than do the seas to the east and south, and the warm air, rising, creates areas of low pressure. As a result, moisture-laden rains sweep northward from the ocean, bringing rain. In the autumn and winter the process is reversed." Consequently Canton, which is about the latitude of Havana, Cuba, has a much cooler winter than Havana, while Peiping, which is approximately the latitude of San Francisco and Washington, D. C., has a much colder winter than either. In the summer, on the other hand, the tremendous areas of low pressure account for the terrible humidity that affiicts south and central China.

These factors must have an inevitable effect on the life of the people. The concentration of rain causes many floods. The climate

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The Editor, who is himself a leading authority on Chinese affairs, is the author of several works on China, Editor of "Oriental Affairs" and has lived for over thirty years in the country.

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of the south is superior to that in the north, since there is less winter idleness and famines. "The undoubted fact," says Professor Latourette, "that of late centuries the Chinese of the Yangtsze and the south average higher in initiative and leadership can, therefore, probably be attibuted in part to the climatic contrasts between the great sections of the land." Even in the most favored sections, however, the humid heat of the summers is enervating.

Professor Latourette also points out China's deficiency in mineral wealth, particularly in iron and coal. Coal, for example, is very extensive, but on the basis of the most enthusiastic estimates, only a fourth as much as in the United States.

Summing up environmental factors, Professor Latourette states China's natural resources were sufficient for her needs prior to industrialization, and were used with real genius to develop and hold together a mighty empire, but today her resources are no longer adequate. Meanwhile, population, continues to increase, "and a further accentuation of the present grinding poverty can be avoided only by one or more of three expedients—emigration on a scale such as the world has never seen, an extensive industrialization of the country and the exchange of products of factories for foodstuffs, or a drastic restriction in the birth rate." Emigration is not possible as long as the West can prevent it and, besides, as Professor Lamson indicates in his book, if it were allowed, the Chinese would breed faster than they could emigrate; the American Red Cross Commission to China in 1929 estimated that all the ships on the seven seas could not transport the annual increase of Chinese from their native land. As for industrialization, Professor Latourette cites that there is not enough coal and iron for any development in this direction comparable to that in the United States and Europe and, as shown by Japan and Great Britain, "industry does not permenently solve the population problem." Birth control would require a revolution in the Chinese family system and ethical education that even the most optimistic prophet cannot foresee. Communism as a solution is not discussed by Professor Latourette, but in a land of China's present limited resources, even complete economic equality would not raise the standard of living appreciably, and if the whole world were communist, it is not likely that the relatively wealthy western lands would be willing to share their heritage extensively with the poverty-stricken, over-populated countries of Asia. Nor is there sound evidence that *any* economic system today could provide a genuinely high standard of living, such as we Americans *used* to boast about, for *all* the human race.

In tracing the development of early China, Professor Latourette correctly indicates the influence of the Legalists. Despite the boast of most Chinese, and the general opinion in the West, this reviewer is convinced that Confucianism merely provided the veneer, and not the structure, of classical Chinese society,—just as the West adopted Roman practices with Christian ideals as window-dressing.

Very illuminating is Professor Latourette's account of the rise of the Manchus. The death blow to the Ming dynasty was a rebellion lead by Li Tzu-cheng, son of a village headman in Shensi. "Famine and taxation had driven Li, as they have many another Chinese, to turn brigand." Li captured Kaifeng in 1642 and made himself master of Shensi, and in 1644 proclaimed himself Emperor of a new dynasty and took Peking. Then Wu San-kuei, who had been fighting the Manchus, joined with them to defeat Li. Thus the country was quickly conquered by aliens, "*but for the internal rivalries and weakness of the Ming which made many prominent Chinese despair of any future for that house and look with hope to the Manchus as possible guarantors of order, and but for the active assistance of Wu San-kuei, of many another Chinese Commander, and of Chinese troops, the conquest would have been much slower and perhaps impossible.*" The reviewer has italicized Professor Latourette's summary to call attention forcefully to the analogy between Manchukuo now and the Manchus in 1644 in relation to China, and to ask, without venturing an answer, whether, as Karl Radek recently suggested, history will repeat itself.

In the first half of the Manchu dynasty, China reached its zenith and, in the opinion of Professor Latourette, the native culture had become sterile. During the last century of the Manchus came a new stimulas—invasion from the West. Up to then, "cultural invasion had not been a sequel of the political domination of aliens. Now both were combined . . . . Now came peoples possessed of a high civilization very different from that of China. Far from being disposed to adopt the latter, they regarded it as backward and semi-barbarous . . . . In each of the main phases of life, economic, political, intellectual, social and religious, Chinese and Western culture displayed striking and in some cases fundamental differences. In the close interplay of modern life, one or the other system had to give way." Thus was the course of the Celestial future irrevocably determined, but the destination is not yet in sight.

Professor Latourette gives an excellent summary of the Taiping rebellion, pointing out that despite the unintelligent and muddled ideology and leadership of the Taipings, "the rebellion was a social and economic revolt—an uprising of peasants, the rural proletariat, hand workers, and poorer gentry against landlords, rich peasants, merchants and wealthy gentry." And the rebellion was crushed only by foreign assistance.

Great admiration is voiced by Professor Latourette for the classical Chinese system of government. And, relatively, his view is sound; certainly, as he points out, no other empire of similar size has ever existed so long, and he is probably correct in concluding that "seldom has any large group of mankind been so prosperous and so nearly contented as were the Chinese under this governmental machinery when it was dominated by the ablest of the monarchs of the Han, the Tang, the Sung, the Ming, and the Ching."

Even today, old China has a few things to offer the modern world. The not uncommon practice, for example, of allowing a condemned criminal to commit suicide if he desired is infinitely more civilized than the spectacle that frequently is presented in modern America of employing the best medical service to restore a criminal who has attempted suicide in order to electrocute him a week later. Further, the principle of joint responsibility in law approaches nearer to modern scientific thought than the usual Western conception of individual responsibility. However, there is one aspect of the Chinese concept that is generally overlooked; that has been its use by various imperialistic nations, particularly Germany (in getting a slice of Shantung), and Japan in various incidents of recent years from Nakamura to Kuramoto. And, under old Chinese legal theory, it is quite proper to hold the entire country, or one section thereof, responsible for the acts of a few citizens.

The greatest—and the fatal—weakness of classical China was backwardness in science, even when compared to Europe in the Middle Ages, although the Chinese pioneered in the invention of paper, printing, gunpowder and the compass. But neither paper nor printing fostered any appreciable increase in education, and neither gunpowder nor the compass was put to any practical use. Professor Latourette speculates as some length on Chinese scientific backwardness, and he correctly ascribes it in part to the prevailing scholasticism, also observing that "it may have been that China failed to develop a system of logic the equal of that which Western Europe owes to the Greek mind." The most important factor, it seems to this reviewer, was the Chinese written language, although that alone is perhaps not the ultimate explanation. After all, language is only a vehicle—but in China the written form, which is not unlike the written form of many languages prior to the invention of alphabets, was dominated by a limited class that survived many dynasties and whose economic interest was best served by reserving learning for a few.

Now, let it be noted, there is no absolute division between cause and effect; effect can dialectically become cause. And the classical written Chinese was so complicated that learning it left little time to learn anything else. Further, those who had practical knowledge, and thus would be most likely to display inventive ability, were generally illiterate and so had no access to such meager scientific theory as existed. And inventions combine theory and practice; hence, they are not often the work of illiterates. Early western inventions were not, save rarely, the products of the scholastics; usually, they were the work of those who opposed the scholastics,—but who became educated, as was relatively easy in the Western written vehicle of thought. To learn to read at all in Western languages gives the key, limited only by time and intelligence, to all book knowledge; to learn a few hundred, or even two or three thousand Chinese characters, is the key to very little. And in classical China it provided a key to even less than it does today.

This view is supported in large part by material in Professor Lamson's book. The complicated mechanics of written Chinese, he cites, "serves to lengthen the process of learning as well as to render it more arduous and more expensive than an alphabetic system." And he quotes H. H. Dubs (in the *Chinese Recorder*, October, 1928) as saying that "the Chinese written language is the most difficult language of any civilized country, and Chinese schoolboys must spend years in mastering the mere mechanics of reading and writing, so that little time is left for other other studies." Mr. Dubs also clearly indicates that the "Thousand Character movement" is something of a farce, for a person who can read only one or two thousand characters cannot peruse even an ordinary newspaper and has to have a specially prepared literature. "He is like a man who can only walk on crutches—it is fine that he can walk at all, and the person who gave him the crutches are to be highly commended; but he is nevertheless a cripple, and it is misleading to call him a normal, well person, because he can hobble along." Mr. Dubs estimates that it requires a Chinese child from four to seven years to learn merely to read and write adequate Chinese for further education.

Professor Lamson's book is divided into three parts. The first —on livelihood—is, with the exceptions of the sections on illiteracy and population, marred by too marked pro-Nanking inhibitions, such as shown by the statement that "there are encouraging signs that the Government is attacking" the causes of poverty and pauperism. The second section—on health—is generally excellent. The third section—on marriage and the family—is marred by Christian moralistic prejudices.

Although dealing gingerly with poverty, Professor Lamson quotes Dr. Leonard Hsu as saying that probably 50% of China's population is below the poverty line, while Professor Jefferson Lamb is quoted as estimating that 70% of China's people are in poverty. And Professor Lamson is very forthright in saying that "China has for generations emphasized the giving of a great deal of education to the few, and neglecting even a bare minimum for the many."

In dealing with venereal disease, Dr. Wu Lien-teh is quoted as making the appalling estimate that "often as high as fifty to sixty percent of the adult population" is affected. Professor Lamson can offer little better than suppression of extra-marital sex impulses to combat venereal disease,—which, of course, is offering nothing. He neglects to cite that although there is more prostitution in Japan than in China, there is definitely less venereal disease. The reason is primarily personal cleanliness, although more advanced medical education is also important. In any event, advice on prophylaxis is more valuable than moral admonitions.

It may surprise some, who believe that the Chinese nervous constitution is generally stronger than that prevailing in the West, to read that Dr. J. L. Harvey has concluded on the basis of observations in the Kerr Memorial Hospital in Canton that "insanity is as common (in China) as, if not more common than, it is in the West."

Professor Lamson comes out strong for monogamy in the section of his book dealing with the family, and while it is quite reasonable to argue that monogamy is superior to polygamy when the legalized forms of both are compared, there is certainly no scientific warrant for concluding that monogamy in the so-called Christian countries is even near the ideal of sex relations. Further, when Dr. Lamson says that he takes "the sociological position" that "private sex acts, even when no offspring result, constitute a concern for society and should be a field for social control," he is confusing his religious heritage with science. His position is theological, not sociological. To be sure, sociology is entitled to advise on the subject, but no one can be dogmatic on what constitutes an ideal sex life. Also, sociology is entitled to advise on diet, the number of hours to sleep, physical exercise, etc.—about all of which there is also little uniformity of opinion. But social control of sex when no offspring results is no more justified, nor no more feasible, that social control which would specify one's retiring hour, or one's setting-up exercise, or one's breakfast. In any truly civilized society, sexual expression among mentally competent adults would be entirely a matter pertaining to the two persons immediately concerned when no offspring resulted. Professor Lamson also slips up in favoring contraception as a means of birth control while unreservedly condemning abortion. Many other birth control advocates fall into a similar error. As a matter of cold fact, contraception and abortion must go together if there is to be any real family limitation and, as hospital records in Soviet Russia (where abortion is legalized) reveal, an abortion properly performed is no more dangerous than normal childbirth. Despite all the fanatical advocacy of contraception by present-day reformers, the unpleasant fact remains that there is no satisfactory method of contraception existing which is 100% reliable in all cases— and even 99% effectiveness might mean a child a year for a normally virile couple if abortion is forbidden. Certainly, contraception is preferable to abortion, and the use of scientific contraceptives would reduce the need for abortion to a minimum, but until there is vast improvement in available contraceptives, abortion must be a recognized alternative measure for real birth control.

Since Professor Lamson's book is primarily for Chinese college students, the reviewer does not believe any harm will come from his confusion now and then of theology with sociology,—for Young China is assuredly not breaking away from Confucian *mores* to fetter itself with Calvinistic shackles.

W. B.

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CHINA WEEKLY REVIEW

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Shanghai

General Chiang Invokes Military Law to Suppress Opium Smoking

General Chiang Kai-shek in a recent telegram to the Nanking Municipal Government, instructed that military law be applied in the suppression of opium-smoking at the Capital.

When General Han Fu-chu last week inspected the main streets and the District Government of Chaocheng, he was angered to find more than ten ounces of opium in the accountant's office of the District Government; the accountant was fined $200 for the offence. General Han also recorded one demerit against Wang Lan-chiu, District Magistrate of Chaocheng, holding him partly culpable for the offence of the subordinate.

Figures published by the National Opium Suppression Commission last week revealed that the evil of dangerous drugs in North China apparently is spreading faster than opium. The Commission states that during the first five months of this year provincial authorities arrested 3603 opium and drug addicts. Of this number drug addicts totalled 3063, or about six times the number opinm smokers.

A Tientsin message to thn *China Times* says that Japanese and Korean "ronins" are operating many opium dens and drug stores openly at Tangshan in open defiance of the interference of the Chinese police authorities. According to latest investigations made, there are altogether 273 drug stores and opium dens at Tangshan all under the management of Japanese and Koreans. At the same time 26 narcotic smuggling organizations are operating at Tangshan and these are transporting drugs for the Chinese in the neighboring districts. It is said that from May to August 15 this year no less than 800 people died from opium and drug poisoning in Tangshan alone.

Japanese-Owned Heroin Factory Raided in Shanghai

Five Chinese, arrested together with a Japanese at 117 Ningkuo Road, Yangtszepoo district, were charged at the District Court in the Foreign Concession of Shanghai August 28 with being alleged owners and workers in a large heroin factory which the Settlement police raided with the assistance of the Japanese Consural Police. A quantity of elaborate machinery for the making heroin was seized. The five Chinese defendants declared that the owner of the factory was a Japanese and that they were employed at the factory. The hearing was adjourned for a week to allow further investigation. The arrested men were denied bail.

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Latest New York Stock Exchange Quotations

August 30, 1934

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4	3	—	Adams Express	7⅞	7⅞
13¾	11⅛	0.60	Alaska Juneau	19½	19⅞
33	70¾	6.00	Allied Chemical & Dye	13	131
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27¼	10⅜	—	American Smelting	88⅛	87½
53½	86½	9.00	American Tel. & Tel.	112	111⅜
134¾	50¾	5.00	American Tobacco "B"	77½	76⅝
94¾	10⅞	1.00	American Waterworks	16	16⅝
43¼	5	—	Anaconda Copper	12¾	12⅝
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28½	1¾	—	Commonwealth & Southern	1⅝	1⅝
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9	1½	—	Curtiss Wright Company	2⅞	2⅞
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49	13¾	1.00	General Railway Signal	27	27
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27⅝	9¾	—	Goodyear Tire & Rubber	23¾	23¾
47½	6¼	—	International Cement	23	23¼
40	13⅝	0.60	International Harvester	27¾	27½
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58¾	28⅝	2.40	Woolworth	49½	49⅝
			PREFERREDSTOCKS AND BONDS		
54⅞	35	none	American & Foreign Power 7% Pfd.	18	17⅝
44⅞	26	5.00	Amer. & For. Power 5% debs. of 2030	51	51⅝
59¼	25	6.00	American Waterworks $6 preferred	65⅝	63¾
80	18	5.50	Cities Service Power & Light 5½s/52	41	41
48½	34	6.00	Electric Bond & Share $6 preferred	44	44⅛
66	35	4.50	Int. Tel. & Tel. conv. 4½s of 1939	65	64
69¾	31½	5.00	New England Gas & Electric 5s 1947	55¾	55⅞
65	44¾	6.00	Standard Gas & Elec. 6% notes 1935	92	7⅞

*Plus extras CALL MONEY 1% 1%

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